

APRIL 1974

MONTHLY REVIEW

N I N D E P E N D E N T S O C I A L I S T M A G A Z I N E

**Keynesian
Chickens Come
Home to Roost**

VOLUME 25

11

THE EDITORS

**China and the
Ethics of Liberation**

K. T. FANN

The Energy Crisis

ANDREW MARX
LAWRENCE LOCKWOOD

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

REVIEW OF THE MONTH: Keynesian Chickens Come Home to Roost by the Editors	1
COLUMBUS AND THE INDIANS by Theodor Rosebury	13
POLITICAL ECONOMY: WHAT'S IN A NAME? by Pares Chatterpadhyay	23
THE ETHICS OF LIBERATION: THE EXAMPLE OF CHINA by K. T. Fann	34
BOOKS: Lessons from the Damned by Conrad Lynn	49
CORRESPONDENCE: Two Comments on the Energy Crisis by Andrew Marx	52
by Lawrence Lockwood	55

MONTHLY REVIEW: Published monthly except July and August, when bimonthly, and copyright © 1974, by Monthly Review, Inc. Second class postage paid at New York, N. Y.

EDITORIAL AND BUSINESS: 62 West 14th Street, New York, N. Y. 10011.
Telephone: (212) 691-2555.
Europe: R. Handyside, 21 Theobalds Road, London WC1X 8SL
Telephone: 01-242-3501
MR Edizione Italiana: viale Orazio Flacco 15, Bari 70124.
Telephone: 241919, 246157.
MR in Spanish: Apdo. Nal. 8004, Bogota, Colombia.
Unsolicited manuscripts will not be returned unless accompanied by a stamped, self-addressed envelope.

NEWSSTAND DISTRIBUTOR: B. De Boer, 118 High Street, Nutley, N. J.

SUBSCRIPTION PRICE: One year—\$9 in the U.S.; \$10 foreign. (Institutions and libraries—U.S. \$12; foreign \$13.)
By 1st Class mail—U.S. \$14; elsewhere \$16.
By air mail—No. America \$16; So. America and Europe \$20.
By air mail—Asia (incl. USSR), Africa, Australia \$22.

EDITORS: Paul M. Sweezy Harry Magdoff Leo Huberman (1903-1968)
ASSOCIATE EDITOR: Bobbye Ortiz

NOTES FROM THE EDITORS

Capitalism tends to bring its distressing pressures to bear on us all. How else could one explain the following communication which our colleagues in the business end of the enterprise have asked us to include in this space. We sincerely hope that it has its intended effect.

It is the understanding of the non-editorial workers, especially in the order and subscription departments of MR and MR Press, a small understaffed publisher, that socialism stands for the dignity of a worker, that he or she is not less a human being because of financial, social, or occupational status. Therefore it distresses us that there is a definite pattern of verbal and written abuse received from subscribers, Associates, socialist professors, and readers in general.

There are biting letters to "you people," which assume there is no possible explanation for a problem other than lack of intelligence, "service," efficiency, or proper concern. We receive telephone calls demanding special, time-consuming treatment for those who consider that they have special status or influence. This seems out of place.

We are burdened with problems of workload, moving to a new location, converting to new systems, and postal shipping delays. We ask only for some humanity in the communications we receive. It is oppressive for us to have to defend ourselves in our roles as workers.

(Continued on inside back cover)

KEYNESIAN CHICKENS COME HOME TO ROOST

As we have argued many times in these pages, the monopoly capitalist economy is always in danger of sinking into a state of deep stagnation. The basic reason is that capitalists seek to keep the wages and hence the purchasing power of workers at a minimum, while expanding their capital as rapidly as possible. It follows, in Marx's words, that

to the extent that the productive power develops, it finds itself at variance with the narrow basis on which the condition of consumption rests. On this self-contradictory basis it is no contradiction at all that there should be an excess of capital simultaneously with an excess of population. For while a combination of these two would increase the mass of the produced surplus value, it would at the same time intensify the contradiction between the conditions under which this surplus value is produced and those under which it is realized. (*Capital*, Kerr ed., vol. 3, p. 287)

This source of stagnation ("excess of capital" and "excess of population"—idle plant and unemployed workers) is inherent in capitalism in all stages of its development, but it is vastly intensified in the monopoly stage because of the enormous power of giant corporations to control prices and wages in their own favor. Furthermore, in the monopoly stage consumers are regularly fleeced (for the second time in the case of workers) in the sphere of circulation by monopolistic middlemen, retailers, usurers, racketeers, etc. The result is further to reduce social

consuming power and to concentrate additional income in the hands of those whose modes of expenditure are luxury consumption goods and increased capital investment. The whole system is rigged in favor of the haves and against the have-nots. The only trouble is that the more it works that way, the worse it works.

There have to be counteracting forces, and there are: otherwise the whole system would have gone down the drain long ago. On the one hand there must be massive injections of purchasing power to supplement the restricted consumption generated by the normal workings of the system; and on the other hand there must be continuously maintained incentives, chiefly in the form of a steadily rising price level, for the rich minority to invest their lavish incomes. Like a leaking tire, the economy must be unflaggingly pumped up if it is not to go flat and come to a full stop.

The simple leaking tire analogy, however, fails in one respect. As long as the economy is pumped up enough to keep going, all the monopolistic forces within it work overtime to increase their share of the take. This means higher prices, higher rates, higher fees, higher costs all along the line. And this perpetual scramble for more on the part of the powerful and the privileged exacerbates the underlying disproportions which are at the root of the system's malfunctioning. To complete our analogy we would have to say that both the tire and the leak grow with the passage of time, thus requiring a continuously larger and more active pump.

This, we believe, is the embryo of an adequate theory of inflation under conditions of monopoly capitalism. Of all the directions in which it can be elaborated and developed, we would like in what follows to focus attention on the pump—or rather on the various pumping mechanisms which work together to keep the tire from going flat. After having a look at the most important of these mechanisms, we shall present a few data to show how extraordinarily active they have become in the last few years.

The three most important pumping mechanisms can be identified under the following headings: (1) the credit system, (2) government finances, and (3) the central bank (Federal

Reserve System). They are of course closely interrelated and to a degree overlapping.

The credit system, which could equally well be called the debt system since credit and debt are two sides of the same coin, includes commercial and savings banks, various kinds of lending companies, the credit departments of industrial and retail corporations, loan sharks, and miscellaneous other agencies and institutions. To oversimplify the matter somewhat, what the credit system does is to borrow money at one rate of interest from people who have more money than they need and lend it at a much higher rate to those who need (or think they need) more than they have. In this way money is kept circulating—and debts keep mounting. We will return presently to some quantitative aspects of the matter.

In principle, government finances can operate either to inflate or deflate the economy. In practice, they almost always operate as an inflator. The hallmark of sovereignty, Veblen once remarked, is the right to make war. He might have added a second, the right to create money. If a sovereign government, like ours, spends more than it takes in, it can either print up money to cover the difference or, as is more usual under modern conditions, borrow what it needs from the banks. This might mean that in order to lend to the government the banks would have to lend less to private borrowers. But it usually doesn't, the reason being that the ability of banks to lend depends on the amount of their reserves (deposits at the central bank), and these can be varied by central bank policy. The central bank, which, whatever its juridical form, is really as much a branch of the government as the treasury, is not likely to make it hard for the banks to lend money to the government to finance its deficits, so the result is usually an injection of additional purchasing power into the system more or less commensurate with the size of the deficits.

Finally, the central bank can increase the reserves and hence the lending power of the banks quite apart from government deficits.* The determinants of central bank policy in this regard

* This is accomplished for the most part through what are called open market operations, which means purchases by the central bank of government bonds or notes on the open market. Whoever sells these securi-

are quite complex and need not concern us here. Suffice it to say that the normal bias is toward an expansionary policy. Any sign of financial trouble, as after the Penn Central bankruptcy in 1970, or a threatened increase in the unemployment rate, which as we have seen is never further away than around the next corner, generates pressure on the central bank to shoot more money into the system. There being few pressures in the opposite direction—apart from the admonitions of conservative economists—the normal outcome is a foregone conclusion.

Now that we have surveyed the pumping mechanisms, let us put together a few figures indicating the extent to which they have been operating in the latest period.

First, selected data on the growth of debt, which reflects the pumping activity of the credit system. Table 1 shows the growth of commercial bank loans since 1965. Here we see that the

TABLE I
COMMERCIAL BANK LOANS

<i>End of Year</i>	<i>Billions of \$</i>	<i>Percent Increase</i>	
1965	198.2	—	
1966	213.9	8.1	} avg. 9.0
1967	231.3	8.1	
1968	258.2	11.6	
1969	279.1	8.1	
1970	291.7	4.5	
1971	320.3	9.8	} avg. 15.2
1972	377.8	18.0	
1973	444.5	17.7	

Source: *The Economic Report of the President*, February 1974, p. 31.

average rate of increase of bank loans during the upswing of the early '70s (1971-1973) was almost 70 percent higher (15.2 percent as against 9.0 percent) than in the Vietnam war boom years (1965-1969).

Second, take consumer installment credit, always an important factor in the demand for consumer durable goods. Table 2 shows net annual increases in consumer installment credit

ties to the central bank, whether a commercial bank or a corporation or a private individual, receives a check on the Federal Reserve Bank. When these checks are deposited, they swell the banks' reserves and hence lending capacity.

TABLE 2
NET ANNUAL INCREASES IN CONSUMER
INSTALLMENT CREDIT

	<i>Billions of Current \$</i>	<i>Billions of 1967 \$</i>
1965	8.2	8.7
1966	5.3	5.5
1967	3.2	3.2
1968	8.3	8.0
1969	9.4	8.6
1970	5.0	4.3
1971	9.2	7.6
1972	16.0	12.8
1973	20.8	15.6

Source: *Ibid.*, p. 320.

since 1965. What is especially noteworthy here—but seems not to have been much noted by commentators on the current economic situation—is the way this series took off during the last two years: even allowing for inflation (i.e., measuring in constant 1967 dollars), additions to installment credit in 1972-1973 ran at around double the rate of the preceding years. This was doubtless an important factor in maintaining the demand for consumer durables (especially automobiles) during the latest cyclical upswing. By the same token, the need for especially heavy repayments during the next couple of years will exercise a depressing effect on consumer demand, quite apart from other factors such as increased unemployment and the energy-crisis-related decline in the demand for automobiles.*

Finally, mortgage debt, which in the aggregate is much larger than all other types of consumer credit put together. It used to be that most mortgage debt was incurred in order to build new housing, but in recent years more and more people have been mortgaging or re-mortgaging their homes to acquire money for other purposes. Table 3 (p. 6) goes back to 1961 to illustrate this trend more clearly.

* Another development in the consumer-credit area, no doubt in considerable part caused by the rapid growth of the last two years, has been a sharp rise in the delinquency rate. "The number of persons not paying their installment loans on time increased by 19 percent in November and December," begins a first-page story in the *New York Times* of February 16th.

TABLE 3
NET NEW MORTGAGE DEBT AND ITS USES
(BILLIONS OF \$)

	<i>Net New Mortgage Debt</i> (1)	<i>Outlays for New Homes</i> (2)	<i>Other Uses of Mortgage Debt</i> (3)
	<i>(Column 3 = 1 minus 2)</i>		
1961	21.0	17.4	3.6
1962	23.8	19.1	4.7
1963	27.1	18.7	8.4
1964	29.4	19.1	10.3
1965	29.8	19.0	9.9
1966	28.5	18.6	9.9
1967	27.5	15.8	11.7
1968	33.2	20.8	12.4
1969	35.6	21.2	14.4
1970	32.1	18.1	14.0
1971	44.8	26.6	18.2
1972	59.8	35.6	24.2
1973 (first half)	62.8	41.1	21.8

Data are for 1-4 family houses, as estimated by the Conference Board. The data in column (1) are estimates of the flow of new mortgage money made available to consumers each year. They therefore differ from the Federal Reserve Board series which measures only mortgage debt outstanding.

Source: *The Conference Board Statistical Bulletin*, November 1973.

From our present point of view the most important thing about this table is the sensational jump in the rate of increase in mortgage debt formation since the relatively depressed year 1970 (the additional debt formed in the first half of 1973 was running at an annual rate nearly double that of 1970). No doubt whatever that this part of the credit system was pumping at or near full capacity. The table also shows clearly the trend to greater non-housing uses of mortgage debt. It is interesting that this item now runs consistently ahead of the increase in installment credit (Table 2 above). In other words, quite apart from new housing, borrowing on real estate has become the largest source of consumer debt financing. It seems that as old mortgages are paid off and real estate values rise, people find it necessary or cannot resist the temptation (and/or the blandishments of banks eager for additional business) to step up their "buy now, pay later" way of life,

We turn now to the pumping mechanism labeled "government finances." It is of course a commonplace that deficits are the rule rather than the exception nowadays; it remains only to give the notion a bit more quantitative definiteness. One way is to divide the post-Second World War period into four periods and observe the changing ratio of deficit to surplus years. In the decade 1945-1954 there were five deficit years and five of surplus (including one year of a balanced budget). In the next decade, 1955-1964, there were seven deficit years and three surplus. And in the nine years, 1965-1973, there were eight deficits and one surplus. But even more striking is the way the size of the deficits has been growing. Table 4 shows the deficits from 1965 to the present. Taking into account that 1968 was the peak year of U.S. military involvement in South-

TABLE 4
BALANCE OF FEDERAL RECEIPTS AND OUTLAYS

(Billions of \$)
(Plus=Surplus, Minus=Deficit)

<i>Fiscal years</i>	
1965	—1.6
1966	—3.8
1967	—8.7
1968	—25.2
1969	+3.2
1970	—2.8
1971	—23.0
1972	—23.2
1973	—14.3

Source: *The Economic Report of the President*, February 1974, p. 123.

east Asia (more than half a million troops in the region that year), one need only glance at the table to see what has been happening; and even including 1968, the cumulative deficit of the first four years of the 1970s was more than 80 percent greater than the cumulative deficit of the last four years of the 1960s. No mistaking the fact that this pumping mechanism too has been very busy these last few years!

Finally, we come to the role of the central bank in expanding the money supply. Table 5 (p. 8) shows the growth of the

total money supply since 1965. (Total money supply consists of currency in circulation plus demand and time deposits at commercial banks plus deposits at non-bank thrift institutions.) The huge rates of increase attained in 1971 and 1972 were cut back

TABLE 5
GROWTH OF THE MONEY SUPPLY

	<i>Billions of \$</i>	<i>Percentage Increase</i>
1965	463	—
1966	485	4.8
1967	533	9.9
1968	577	8.3
1969	594	3.0
1970	641	7.9
1971	727	13.4
1972	822	13.1
1973	893	8.6

Source: *Ibid*, p. 310.

in 1973, but, even so, only to approximately the rate which characterized the years of peak involvement in the Vietnam war. As in the case of the other pumping mechanisms reviewed, this one seems to have reached an altogether new and higher level of activity during the 1970s.

With all the pumps going full tilt and prices rising at an accelerating rate, you might at least expect that this most recent period would have been one of relatively full utilization of labor and manufacturing capacity. But if you had this expectation, you would be mistaken. Our last table (Table 6) shows the unemployment rate and the manufacturing capacity utilization rate from 1965 to the present. Here again we observe a phenomenon with which we are familiar by now: the apparent establishment of new norms in the 1970s as compared to the second half of the 1960s. The lowest unemployment rate in the later period is substantially higher than the highest in the earlier, and the highest utilization rate in the 1970s is well below the lowest in the second half of the 1960s. Despite all the pumping with its attendant price inflation, the economy has been limping along at far less than its officially rated capacity. Moreover, except in the area of prices, the responsiveness of the system to more and more vigorous pumping seems to be on the decline.

TABLE 6
UNEMPLOYMENT AND MANUFACTURING
CAPACITY UTILIZATION

	<i>Unemployment as Percent of Civilian Labor Force</i>	<i>Percent of Manufacturing Capacity Utilized</i>
1965	4.5	89.0
1966	3.8	91.9
1967	3.8	87.9
1968	3.6	87.7
1969	3.5	86.5
1970	4.9	78.3
1971	5.9	75.0
1972	5.6	78.6
1973	4.9	83.0

Source: *Ibid*, pp. 279, 291.

Such was the situation which existed as the economy entered one of its regular cyclical downswings, this time aggravated and intensified by the so-called energy crisis and a world-wide shortage of food which has greatly increased the demand for U.S. agricultural exports and sent domestic food prices sky high. Meanwhile, President Nixon has "promised" in his State of the Union message that there will be no recession, and a White House official has been quoted (in the February *Morgan Guaranty Survey*) as saying: "The President is very firm about that [avoiding a recession]. If it means busting the budget he will bust the budget rather than keep people out of jobs." Not that busting the budget—and other pumping operations which would doubtless go along with it—would necessarily succeed in preventing a recession, but it undoubtedly would accelerate the already raging process of inflation. What we seem likely to get therefore is both a recession and still more inflation.

Is there any alternative? Yes, of course there is. Let the recession take its natural course and turn into a full-fledged depression. Then let the depression get as bad as necessary to deflate the debt and price structure, which has always been the functional role of panics and depressions in the operation of capitalism. Finally, start all over again in a situation from which the worst distortions and disproportions produced by decades of inflation have been squeezed out.

The trouble of course is that this is roughly what happened after 1929, and the experience was so traumatic for the rulers of capitalism that they vowed never to let it happen again. Fortunately for them, at least so it seemed, John Maynard Keynes came along at about this time with what he claimed to be the solution of the problem. Keynes argued that the capitalist system could be rescued from depression and kept on a more or less stable high-employment plateau by a suitable combination of fiscal and monetary policies (deficit government spending and increasing the money supply, two closely related processes, as we have already seen). This prescription was eagerly accepted not only by most economists but by the ruling classes of the advanced capitalist countries. Putting the Keynesian strategy into practice required that there should be acceptable and suitably large objects of government spending, as well as a flexible money-and-credit system. The first of these conditions was never fulfilled during the 1930s, with the result that even at the top of the cyclical upswing in 1937 more than 14 percent of the labor force was still unemployed. But with the coming of the Second World War, followed almost immediately by the Cold War, all that changed. Huge and rising military budgets became the order of the day, and the money-and-credit system proved fully able to carry its share of the load.

Thus since the Second World War every time a recession looked as though it might get worse and turn into an old-fashioned depression, the reaction of the governing circles was to turn on the deficit-spending and money-and-credit spigots. It was conceded that this would involve a certain amount of inflation—maybe two or three percent a year—but that has always been considered better for capitalism than price stability, not to speak of price deflation. For a long time all seemed to be for the best in the best of all possible capitalist worlds.

What was ignored—and still seems to be recognized only by Marxists on the Left and financial conservatives on the Right—is that this strategy necessarily involves a secular increase in society's debt structure, with a parallel decline in corporate and individual liquidity.* Thus the economy became more and

* On this, see "The Long-Run Decline in Liquidity," MR, September 1970; reprinted in Paul M. Sweezy and Harry Magdoff, *The Dynamics*

more vulnerable to the kind of shocks which in the old days used to touch off panics; and in order to guard against this recurring threat, the need for still more inflation becomes increasingly acute. Thus the near panic triggered by the Penn Central bankruptcy in 1970 was countered by a massive injection of Federal Reserve credit. Price increases, a bloated credit structure, feverish speculation all had to be tolerated and actually spurred on in order to stave off the dreaded deflation which in times gone by was capitalism's "natural" cure for such ills.

We have already reviewed figures indicating how busy the inflationary pumps have been these past three years, without however bringing the economy as a whole anywhere near a satisfactory level of utilization of its human and material resources. The Keynesian chickens, so freely released from the coop these past three decades, are coming home to roost with a vengeance. The gentle, stimulating, two to three percent inflation which used to be envisaged and welcomed has turned into a raging flood which is wildly out of control and beyond the possibility of measurement by any one of the traditional indexes. A better idea of the reality, including the prospects for the period ahead, is conveyed by the following statement from the "Business Outlook" section of *Business Week* for February 23rd:

If there was any question that 1974 would be an inflationary year, it was quickly answered by the year's first price figures: wholesale prices rocketed off in January to one of the biggest one-month increases ever.

The Bureau of Labor Statistics' broad wholesale price index rose to 150.4 (1967=100) in the month, bringing it 20.8 percent above last January.

Of course fuel prices were an important contributor to the advance. They alone accounted for 40 percent of the monthly increase.

of *U.S. Capitalism*, Monthly Review Press, 1972, pp. 180-196. We have not thought it worthwhile to publish here up-to-date figures on corporate liquidity because the intervening period is too short to lend much weight to arguments about the shape of long-run trends going back to the Second World War. What can be said by way of summary is that, as typically happens in the down phase of the cycle, there was a small improvement in corporate liquidity ratios from 1970 to 1971, but that thereafter the downward slide resumed and the latest figures show that in some asset classes liquidity ratios by mid-1973 were back to or below those of 1970. There is no reason to assume that the long-run trend has been altered.

But prices are shooting up virtually everywhere. Farm products rose 8.1 percent in the month, and processed food and feeds rose 3.1 percent. . . .

Of the 13 major industrial price categories, only one—lumber and wood products—showed a decline in the month. But that category was still almost 22 percent above a year ago. . . .

All of this, taken together with declining industrial production and rising unemployment, has prompted the First National City Bank to headline one section of its January *Monthly Economic Letter*: “Roaring Worldwide Inflation Confronts Policymakers with a Hard Decision: Accept a Full-blown Recession or Pump Up the Money Supply and Boost Prices Even Further.”

Jacob Morris, writing in the September 1973 issue of MONTHLY REVIEW, put the matter succinctly when he compared inflation with a drug which had turned from being tonic to being toxic. He might have added that the patient, worldwide monopoly capitalism, has now become so addicted to this poison that it must go on increasing the dose. The alternative is a drying-out period so horrendous in its implications that it is doubtful the system could survive the ordeal.

The irony is that it may be no better able to survive the poison.

But unlike human beings, social systems do not die of their own accord. They have to be overthrown by human agents who find their ills no longer tolerable. That such agents in the shape of the working people who are the system's main victims will eventually step forward on the stage of history and take in hand the great task of saving not only themselves but all humanity—this need not be doubted, indeed cannot be doubted by anyone who believes that humanity has a future. But how soon it will happen, and what forms the struggle will take, we are still not in a position to foresee.

(March 10, 1974)

COLUMBUS AND THE INDIANS

BY THEODOR ROSEBURY

Dr. Webster's invitation to review the story of Columbus and his relation to the origin of syphilis has given me the impetus to reconsider the subject for the third time. I went over it first nearly forty years ago, in 1934. As a junior instructor in bacteriology at the College of Physicians and Surgeons in New York at that time, I was asked by F. P. Gay, the head of the department, to write the chapter on "Spirochetes and Spirochetal Diseases" in what emerged a year later as the bulky textbook, *Agents of Disease and Host Resistance*.¹* In the intervening years I included this topic in lectures to medical and dental students; and, like most others with an interest in syphilis, I kept on using pretty much the same story, being generally too busy with things that seemed more urgent to go back and reconsider it again, even though I was aware that doubts were accumulating in the literature. When I wrote a book on VD for the general reader, *Microbes and Morals*, which appeared in the fall of 1973,² I returned to the literature for the second

Theodor Rosebury is an emeritus professor of bacteriology who has been active in the peace movement for many years. His books include *Peace or Pestilence*, *Life on Man*, and *Microbes and Morals*. He is currently working on a book on science and anti-science. "Columbus and the Indians" is based on an after-dinner talk given at the Third International Venereal Disease Symposium, New Orleans, June 1, 1973.

* References and notes will be found at the end of the article.

time, reassessed those doubts, and decided that the weight of the evidence was *against* the Columbian origin of syphilis in Europe. For this third occasion I have gone back to the record once more, or to as much of it as I have in my own collection of books, reprints, and notes.³ As a result I am even more convinced that the old story is a myth and ought to be discarded.

Let me set the stage briefly. The period of Columbus, the early Renaissance, was one in which a new freedom in art and technology, symbolized by, and embodied in, Leonardo da Vinci, was struggling against the persistent authority of the medieval church. Science as we know it—experimental science—waited another century to be born. It is said to be no accident that Columbus's first voyage was made in the same year when, with the conquest of Granada by Spain, the Moors lost their last foothold in Europe, or that, at the very time Columbus was preparing to sail from Palos, the expulsion of the Jews from Spain was decreed. This was an era both of exploration and of Torquemada and Sprenger and the *Malleus Maleficarum*, the manual of the art of torturing witches. The wealth and power of both church and state were expanding, encouraging art, architecture, exploration, and conquest—anything that would increase that wealth and power—but discouraging behavior that seemed to defy authority, including what was called witchcraft as well as the budding growth of the new science. It is also no accident that Leonardo kept his notes in cramped mirror script, that the theory of Copernicus was published only shortly before he died, that Fracastor⁴ first wrote about syphilis in verse and later, in his more serious work, made frequent obeisance to the prevailing dogma, such as the effects of planets on disease. The attribution of syphilis to Columbus began during this period and in this atmosphere. Even so, it began slowly, and as Buret⁵ and Hudson,⁶ among others, have pointed out, it has had its ups and downs through the centuries. Buret thinks it was Astruc.⁷ 250 years after Columbus, who first really fastened the idea on the world.

But by the time I wrote my chapter for Gay's *Agents of Disease* most of us took the Columbus story for granted. It is curious in retrospect that what I wrote about it seemed not to require any references in an otherwise heavily documented book.

My chapter had of course been read in manuscript by senior members of the department, who accepted it just as I did. Let me quote what I said:

There are indications that syphilis may have existed in Europe before the Middle Ages, but it seems to have appeared first in epidemic form in 1495. At the siege of Naples during that year, it is said to have been communicated to the French invaders by Spanish mercenaries who, according to incompletely substantiated report, acquired it from Columbus's sailors, a "visitation" from the New World. As it spread through Europe during the period immediately following, syphilis was manifested in a form much more severe than is known today, suggesting that the disease fell upon virgin soil. It ranked with plague as a great scourge of the period.

Of the four sentences in that paragraph, only the opening clause, "There are indications that syphilis may have existed in Europe before the Middle Ages," and the later qualifying phrase, "according to incompletely substantiated report," are unexceptionable. The rest of it contains at least nine points I would now object to as either flatly wrong or highly doubtful. Let me consider them one by one.

(1) Syphilis "appeared . . . in epidemic form. . . ." A good lawyer could make a case for this, but in the sense in which it was intended it was probably an error. The point is not whether there was a lot of syphilis around in the late fifteenth century: there probably was. Rather it is the one made by Hans Zinsser,⁸ that the disease of the period was, in his words, "a far more virulent, acute, and fatal condition than it is now." Zinsser based these words largely on Fracastor, to whom we will return; but the idea of an epidemic seems to have depended rather on Ruy Dias da Isla,⁹ whose tract, published in 1539, seems to have contained the key mistake. Da Isla was a doctor who probably saw a lot of syphilis around Columbus's time. He described three stages of the disease, the first two of which are entirely acceptable. They represented, first, mainly secondary, syphilis, and late syphilis, but not the most fatal forms affecting the cardiovascular system or the brain and spinal cord. These were not recognized as syphilis until the nineteenth century. Da Isla's third stage involved a continued high fever, high mortality, and symptoms more suggestive, as Karl Sudhoff¹⁰ pointed out, of the

then undifferentiated typhus-typhoid syndrome than anything else. This seems to be the epidemic Zinsser was referring to, although I am reluctant to suggest that Zinsser could have missed typhus. Sudhoff speaks simply of "typhoid." Anyway Sudhoff was dismissed as recently as ten years ago by another eminent author, W. L. Fleming,¹¹ on the ground that he was "almost alone among historians" in suggesting that the epidemic was not syphilis. But if counting heads is in order, E. H. Hudson had joined Sudhoff a long time ago, and so have I; and that makes three.

(2) Syphilis first appeared in 1495. The date question is badly mixed up, but it has an important bearing on the rest of the story and we must try to disentangle it. The 1495 date evidently hinges on the association of an epidemic with Charles VIII of France, whose army left France in the fall of 1494 and was still in Italy the following summer, when the Emperor Maximilian issued the Edict of Worms, which spoke of the "evil pocks," calling it a new disease, as occurring at the time in Germany. It is again Sudhoff who tells us that as early as March 1493, when Columbus was returning from the first voyage, an ordinance against the great pox (*grosse vérole*) was being issued in Paris. It has also been suggested that the epidemic which began in Naples around this time may have been associated with the arrival there in August 1492 of nine shiploads of Jewish refugees from Spain, following the edict of expulsion of a few months earlier.¹² Oviedo y Valdes,¹³ upon whom the supporters of the Columbus story also lean heavily, stated that the disease he called "bubas" or "buas"—presumably syphilis—which was said to have come from the New World, did not arrive in Spain until 1496. All of which suggests that the epidemic which "first appeared in 1495" was not syphilis.

(3) The "siege" of Naples. The point has no particular bearing on our story, but I must tell you that there does not appear to have been a siege. Charles VIII entered Naples unopposed, without striking a blow, according to all the history books I have belatedly consulted. I am sorry to see this go. I have always had a special fondness for that "siege" and have mentioned it possibly a hundred times.

(4) The matter of Spanish mercenaries may as well be combined with the next item.

(5) This is that the said mercenaries got syphilis from Columbus's sailors. It was this last point that I said was "incompletely substantiated." It has also been said that some of Columbus's sailors were themselves mercenaries in the army of Charles VIII. Goodman¹⁴ and Morison¹⁵ both doubt that Charles's army, which was indeed made up of mercenaries, actually included a Spanish contingent. The men were drawn rather from France, Germany, Switzerland, and Portugal. But in any event, if Oviedo is to be believed, and if it was after Columbus's second voyage rather than the first that he brought syphilis back with him, it would have been impossible for his crew to have infected Charles's army either directly or indirectly, since the date of the return from the second voyage was June 11, 1496. It would have had to be the first voyage. But Columbus's journal showed no serious illness among the 44 crew members and 10 Indians who returned with him to Lisbon on March 4, 1493. The crew is said to have been healthy, although exhausted; and the Indians, having been carefully selected by Columbus to be shown at Court, would probably have been healthy specimens as well. Hudson¹⁶ points out that if any of them had shown visible lesions they would probably not have escaped the vigilance against disease at the busy ports of the region, where quarantine had been established since the Black Death more than a century earlier. This idea is weakened by seeming to assume more diagnostic acumen than was likely to have existed at the time. On the other hand, sailors and port officials may have known more about such things than than doctors, this being a technical matter like other aspects of navigation, independent of any formed theory of contagion, which did not exist.

(6) Syphilis "spread through Europe during the period immediately following." There are two separate ideas here. One is tied into Da Isla's idea of a rapidly disseminated fatal epidemic, which we have already dealt with. The other is taken up explicitly by Fracastor himself, in his work on Contagion. His words are worth quoting: "It would have been impossible that this contagion, which per se is slow to act and is not easily received, should have traversed so much of the world after having been first conveyed to the Spanish by a single fleet of ships."^{4b} The implication is that syphilis, which was much the same disease then that it is now—or that it was, at all events,

before the advent of penicillin—had been in existence at the time in many parts of Europe, and was being seen there at around the same time, rather than that it was being spread as a rapidly moving epidemic. But this brings us to the next two points (7 and 9) which appear in my quotation, and which may conveniently be taken together.

These are, that syphilis was much more severe then than it is now, and that “it ranked with plague as a great scourge of the period.” There has been almost unanimous agreement that something of this sort is true, and I want to suggest with all humility that it is probably not. Let us simplify matters by taking the word “now” to mean 1934, when I wrote, so as not to speak of clinical changes in syphilis in the penicillin era. In 1934 protracted treatment with arsphenamines (“606” and related drugs) was all we had and was available mainly for those who could afford it. The whole classical pattern of syphilis was only too widespread then, including the entities which had not been recognized as syphilis at the time of the so-called epidemic, namely syphilis of the cardiovascular and central nervous systems. The specific point here is change, presumably dramatic change, in the pattern of syphilis some time between its alleged first appearance at the end of the fifteenth century and about 50 years later when Fracastor was writing. Fracastor does in fact speak of such change, but as I pointed out in *Microbes and Morals* his words do not at all support the idea suggested by Zinsser of a change from a scourge comparable with plague to a much milder illness. In fact if we can eliminate the epidemic in Da Isla’s terms, calling it typhoid or something similar, we do not need to take even Fracastor’s words very seriously—with all due respect to his undoubted greatness. We know from such early testimony as that of Benvenuto Cellini that there were mild cases of syphilis in the early sixteenth century; and we know from recurrent descriptions of “syphilis maligna” that there is severe syphilis even today. Evidence for any more precise evaluation of this alleged change does not seem to exist.

Let me interpolate a general historical note here. As I said earlier, experimental science was hardly even embryonic in Columbus’s time. Greek ideas had been kept alive by the Arabians during the darkest Middle Ages, with Roger Bacon’s tentative

experiments forming a first faint kick of the fetus in a gestation period of nearly four centuries. As for doctors, although here and there a few kept important case records in the spirit of Hippocrates, we can learn as much about the disease of the time from poets such as Boccaccio as from anyone else. It happens that apart from Leonardo, who was Columbus's contemporary, and Fracastor, who was eight years old when Columbus set sail, all the great figures in medicine of the early Renaissance—Paracelsus, Vesalius, Fallopius, Paré—were born after 1492. So was Rabelais; and he and Copernicus, born in 1473, may be mentioned as physicians, although they gained their fame mainly in other fields.

(8) The change in syphilis depended on the fact that it had fallen on virgin soil. In other words, syphilis behaved as do many virulent epidemic infectious diseases, appearing in devastating form in a population previously uninfected, then settling down to greater chronicity with recurrent outbreaks often less severe than the first one. Zinsser suggested that soon after the original epidemic the world became "syphilized," and the pun has often brought a laugh from a class of medical students. But all we have learned about immunity in syphilis and diseases due to related spirochetes (like yaws and pinta) is against this idea. With today's sensitive tests for spirochetal antibodies we can be even more sure than Hudson was, when he expressed the same doubt, that the bulk of the population, even in areas where there is a lot of syphilis, have never had any contact with the spirochete of syphilis or its close relatives.

Columbus's crew probably did not bring syphilis to Europe, and the American Indian has almost certainly been maligned. I have of course given you only a small part of the evidence which points this way. The larger part is in that first sentence about the existence of the disease in Europe before the Middle Ages, evidence compiled by Buret, Sudhoff, Holcomb,¹⁷ Hudson, Willcox¹⁸ and others. One can even find it in the work of that redoubtable medical theologian, John Astruc, four of whose pages are reproduced in facsimile in my *Microbes and Morals*. Astruc continually adduces early references suggestive of syphilis only to dispute them; but if one abandons the dogma, the evidence emerges stronger than the rebuttal. Syphilis seems to have

been known to the ancient Chinese, to the writers of the Old Testament, and continuously through Roman times to the period of Columbus. It masqueraded under a variety of names, of which the most striking was leprosy, a general term for repulsive disease. One of the most eloquent pieces of evidence for this view is that unearthed especially by Holcomb, of the existence in Europe in medieval times of so-called venereal leprosy and congenital leprosy, entities characteristic of syphilis and hardly to be confused in context with true leprosy or anything else.

What was perhaps happening in the late fifteenth and early sixteenth centuries may have been a resurgence of syphilis associated with the movement of armies and the general ferment characteristic of the Renaissance. Instead of being a new disease, syphilis may merely have been newly differentiated from the mass of other diseases with which it had been confused. Even its venereal nature emerged only slowly. It is suggested in the Bible and in Holcomb's medieval sources. Even Fracastor speaks of the venereal transmission of syphilis ambiguously. The suggestion of sexual transmission is largely and conspicuously absent from the original Columbus story, perhaps again because of *Da Isla's* confusion with a typhoid-like disease.¹⁹ Again the idea may have been clearer in folklore than among the physician-philosophers, who perforce toed the theological line that disease came directly from God or Satan, or indirectly through comets, planets, or witches. Certainly by the end of the sixteenth century, for example in Shakespeare's plays, the source of infection in syphilis was known unmistakably.

Maybe I ought to say a few words about old bones before I finish. Most recent among a series of studies purporting to show syphilis in pre-Columbian American bones is that of Gejvall and Henschen,²⁰ who reported finding lesions they interpreted as syphilitic in skulls said to be those of pre-Columbian aborigines from Puerto Rico and Haiti. Whether these actually represent a spirochetal disease of the syphilis group or something quite different can hardly be known without doubt in the absence of serological (blood-test) confirmation, which is not available and may never be. Even if we had such confirmation, in view of the living habits of the Indians in Columbus's time, Hackett²¹ would probably ascribe the lesions to yaws or bejel (non-venereal

syphilis)—more probably the former in view of the climate—rather than to venereal syphilis. These diseases cannot be distinguished by blood tests. Again for several reasons these would hardly have been transferred by Indian women to Columbus's sailors as venereal disease. Hackett suggests that the only member of this group of diseases that existed in America at that time was pinta, which is an equally or even more improbable source of venereal syphilis. Benjamin Rush,²² American physician of Revolutionary times, thought VD, like smallpox, was brought to the American Indian by Europeans. If I were voting on a jury I would hold out for acquittal of the American Indian.

REFERENCES AND NOTES

1. Rosebury, T. in Gay, G. P. and Associates: *Agents of Disease and Host Resistance*. Springfield, Illinois, C. C Thomas, 1935, p. 1082.
2. ———. *Microbes and Morals*. New York, The Viking Press, 1971.
3. I am indebted to Dr. Bruce P. Webster and to Mr. Erich Meyerhoff, librarian, Cornell University Medical College, for making available to me the paper by Sudhoff (reference 10).
4. a. Fracastor, G. *Syphilis Sive Morbus Gallicus*, Verona, 1530. See Baumgartner, L. and Fulton, J. F. *A Bibliography of the Poem Syphilis Sive Morbus Gallicus*. New Haven, Conn., Yale University Press, 1935.
- b. ———. *Contagion*. W. C. Wright, trans. New York, G. P. Putnam's Sons, 1930. The quotation is on p. 145.
5. Buret, F. *Syphilis in Ancient and Prehistoric Times*. A. H. Ohmann-Dumesnil, trans. Philadelphia, Pa., F. A. Davis Co., 1891 (v. 1); 1895 (v. 2).
6. Hudson, E. H. *Treponematoses*. H. A. Christian, ed. New York, Oxford University Press, 1946, pp. 14-50. (Reprinted from the Oxford Loose-Leaf Medicine).
7. Astruc, J. *A Treatise of Venereal Disease*. London, Innys, Richardson, Davis, Clarke, Manby and Cox, 1754.
8. Zinsser, H. *Rats, Lice, and History*. Boston, Mass., Little, Brown and Co., 1935; New York, Pocket Books, 1945, p. 47.
9. Dias da Isla, Ruy. 1539. Cited by Hudson (ref. 6), p. 42.
10. Sudhoff, K. The Origin of Syphilis. A. Allemann, trans. in Garrison, F. H., ed. *Essays in the History of Medicine*. New York, Medical Life Press, 1926, pp. 259-272.
11. Fleming, W. L. Syphilis Through the Ages. *Med. Clin. N. Amer.* 48: 587-612, 1964 (p. 591).
12. Holcomb, R. C. *Who Gave the World Syphilis? The Haitian Myth*. New York, Froben Press, 1930. Cited by Hudson (ref. 6), p. 36.

13. Oviedo y Valdez, G. H. 1525. Cited, among the references given, by Hudson (ref. 6), Zinsser, Sudhoff, Fleming, and Holcomb (ref. 16), but except for Fleming without specific source data. Fleming cites Pusey, W. A. *The History and Epidemiology of Syphilis*, Springfield, Illinois, C. C Thomas, 1933.
14. Goodman, H. *Contribution to Syphilis*. New York, Froben Press, 1944. Cited by Hudson (ref. 6).
15. Morison, S. E. *Admiral of the Ocean Sea, A Life of Christopher Columbus*. Ch. 37, The Sinister Shepherd. Boston, Mass. Little, Brown and Co., 1942. Cited by Hudson (ref. 6).
16. Holcomb, R. C. 1930 (ref. 12), cited by Hudson (ref. 6), p. 32.
17. ———. The Antiquity of Congenital Syphilis. *Bull. Hist. Med.* 10: 148-177, 1941.
18. Willcox, R. R. Venereal Disease in the Bible. *Brit. J. V. D.* 25:28-33, 1949.
19. Hudson (ref. 6, p. 40) makes an exception of Oviedo, having him say that "Columbus's men contracted the disease from Indian women and brought it to Spain." Fleming (ref. 11, p. 590) quotes a passage (from Pusey) of Dias da Isla which suggests as sources of the infection "divine justice" or "the atmosphere of the region." Fracastor says nothing of sex in his poem (ref. 4a), and although he recognizes the venereal nature of syphilis in *Contagion* (ref. 4b) he does not attribute it to sexual infection of Columbus's sailors.
20. Gejvall, N.-G. and Henschen, F. Anatomical Evidence of Pre-Columbian Syphilis in the West Indian Islands. *Beitr. Pathol.* 144:138-157, 1971.
21. Hackett, C. J. On the Origin of the Human Treponematoses. *Bull. W.H.O.* 29:7-41, 1963.
22. Rush, B. *The Selected Writings of Benjamin Rush*. D. D. Runes, ed. New York, Philosophical Library, 1947, p. 262.

Things economic and social move by their own momentum and the ensuing situations compel individuals and groups to behave in certain ways whatever they may wish to do—not indeed by destroying their freedom of choice but by shaping the choosing mentalities and by narrowing the list of possibilities from which to choose. If this is the quintessence of Marxism then we all of us have got to be Marxists.

—Joseph A. Schumpeter

POLITICAL ECONOMY: WHAT'S IN A NAME?

BY PARESH CHATTOPADHYAY

The expression “political economy” is becoming increasingly fashionable in English-speaking countries (on the continent of Europe it has always been in use). It is being set up mostly as a standard of revolt against so-called “orthodox” economics. But the meaning being given to the expression is far from clear. Surely it cannot merely be a question of opposing the term “economics” to the term “political economy.” What follows is an attempt—admittedly sketchy—to raise some of the issues involved.

I

“Economics,” as is well known, originally signified in Greek “the art of household management.” As the political evolution in Greece followed the sequence: household→village→city→state, the study of the management of the household came under the study of “politics,” and Aristotle considered economic questions in the very first book of his *Politics*. The first writer to use the expression “political economy” was Antonie de Montchrétien.^{1*} His book dealt with the economy of the state, the

The author, who teaches economics at the Indian Institute of Management in Calcutta, is presently a visiting professor at the Sorbonne in Paris.

* Notes will be found at the end of the article.

author being mainly concerned with the finances of the state. More than a century later, Rousseau's article on the subject in the famous *Encyclopédie* was really on politics and not on economics, as the term is commonly understood. At about the same time François Quesnay spoke of "economic government."²

The first writer in English to use the expression in question was James Steuart in a book published nine years before Adam Smith's great work.³ Steuart's concept of "political economy" can be considered as a generalization of Aristotle's. "Oeconomy," he wrote, "is the art of providing for all the wants of a family, with the prudence and frugality. . . . What oeconomy is in a family, political oeconomy is in a state."⁴ In his turn, Adam Smith considered "political oeconomy as a branch of the science of a statesman or legislator."⁵ Later in the same work, however, Smith greatly narrowed its scope when discharging the sovereign "from the duty of superseding the industry of private people and of directing it towards the employment most suitable to the interests of society."⁶ This amounted to a new meaning of the old term "political economy," as Henry Sidgwick later correctly pointed out.⁷ On the other hand, a decade before the publication of Smith's treatise, Turgot offered a new view of the scope of the subject by delimiting it to the study of "production and distribution of wealth." Smith later echoed this when he maintained that the purpose of political economy was "to enrich both the people and the sovereign," and equated the subject with the inquiry into "the nature and causes of the wealth of nations."⁸

The change is clearly visible in Smith's vulgarizer on the continent, J. B. Say, who, in the very title of his book, treated political economy as the study of "the manner in which wealth is produced, distributed and consumed." As Marx later pointed out, "to a certain extent he [Smith] had covered the whole of its [political economy's] territory, so that Say was able to summarize it in one textbook, superficially, [but] systematically."⁹ On this point there was no essential difference between Say and Ricardo except that the latter emphasized the distribution of the "produce of the earth" as the main concern of the subject. Ricardo, moreover, in the title of his great work, separated the spheres of political economy and government. Later the "vulgar

political economists" (in Marx's sense) agreed with the scope of the subject thus delineated. J. R. McCulloch, for example, defined political economy as "the science of the laws which regulate the production, accumulation, distribution and consumption of the articles or products that are necessarily useful or agreeable to man, and possess exchange value,"¹⁰ and Nassau Senior pointed out that the science of political economy "explains the nature, production, and distribution of wealth."¹¹ John Stuart Mill also followed the same path.¹²

All the famous founders of the marginalist school—Menger, Jevons, Walras—called their treatises "political economy"¹³ which, in its "pure" form, according to Walras, was the "theory of social wealth" (the term "social" being used in the sense of "aggregate"),¹⁴ though the way they treated the subject was basically different from the way the classicals treated it. The same is true of three of the outstanding representatives of the "second generation" of marginalists—Wicksell, Wicksteed, and Pareto. Marshall of course deliberately rejected "political economy" in favor of "economics" because he found the word "political" objectionable.¹⁵ It was under Marshall's influence that, subsequently, "political economy" was, by and large, superseded by "economics" in Anglo-American literature, though Marshall himself treated "economics" and "political economy" equivalently in his definition of the subject. We, however, see no reason why a neo-marginalist work like Hicks's *Value and Capital* (1939) or Samuelson's *Foundations of Economic Analysis* (1947) could not have been entitled "Theory (or Principles) of Political Economy" following in the footsteps of their predecessors. This is exactly the case with James Meade's grand treatise being presently published in several volumes.¹⁶ "Political economy," in fact, continued its existence on the continent of Europe irrespective of changes in its scope.

As regards the Marxist position on this question, Marx generally spoke not of "political economy" as such but of the "critique of political economy," where the expression was used mainly with reference to the classical writers. Marx never defined political economy, but Engels did. Political economy, according to the latter, studies "the laws governing the production and exchange of the material means of subsistence."¹⁷

Later Oskar Lange, in his unfinished work on the subject, in which he took a Marxist position (contrary to his earlier essentially bourgeois position in the 1930s and 1940s), defined political economy as "the study of the social laws governing the production and distribution of the material means of satisfying needs," and argued the equivalence of his definition to that of Engels.¹⁸ If we compare the scope of the subject thus delimited with the one given by classical or even vulgar political economy, referred to earlier, we do not see any essential difference between them, formally speaking (remembering the definition of wealth offered by Marshall as "material goods satisfying human wants"¹⁹). The following statement by Sidgwick quite correctly sums up the whole position: "From Smith onwards, the social relations and activities with which political economy is principally concerned have been commonly conceived as activities and relations connected with wealth; and by writers of the nineteenth century have usually been classified under four heads—production, distribution, exchange, consumption; or under three of the four, one or other of the last two being often omitted as a separate head."²⁰

II

As we indicated above, economics was an integral part of politics and mostly subordinate to it in the tradition of political economy preceding Turgot and Smith. Beginning with these authors and particularly with their immediate successors, this tradition, by and large, went out. Later, in spite of their using the same term for the subject, i.e., "political economy," the content of the subject underwent a basic change in vulgar political economy compared to the classical political economy. (We are using these terms in the sense of Marx. As is well known, for Marx classical political economy began with Petty and Boisguillebert and ended with Ricardo and Sismondi.) As Marx observed in the very beginning of his principal theoretical work, while classical political economy investigated the *real* relations of bourgeois production, vulgar political economy pre-occupied itself only with the *appearance* of such relations.

Marginalist political economy was of course an offshoot of the vulgar political economy and differentiated itself from classical political economy still more sharply. (We find "neoclassi-

cal" a somewhat misleading term for the marginalist school, inasmuch as the marginalist counter-revolution amounted to almost a wholesale repudiation of the basic tenets of classical political economy.) There is a point in Luigi Pasinetti's distinction between the marginalists' "scarcity type" and the classicals' "production type," though the distinction appears to us somewhat oversimplified.²¹ Basically two distinguishing features are involved. First, the marginalists abandoned the conditions of production in favor of the conditions of consumption as the determinants of value. Second, distribution to them meant not the sharing of the national product among the three principal classes of bourgeois society but the pricing of the services of the "factors of production" as a part of the general theory of price: in other words, they considered distribution as arising from exchange relations, abstracted from production relations. Both these features were derived from Say.

The relation between vulgar political economy and Marx is too well known and well understood to require any discussion here. On the other hand, a few words should be said about Marx's relation to classical political economy in view of some widespread misunderstandings on this question.

There is a strong impression, even among people sympathetic to Marxism, that Marx was an "inheritor" of the classical school and of Ricardo in particular—albeit a critical inheritor. Maurice Dobb affords a good example in this regard. "The theory of value," he wrote, "Marx *took over* from the classical political economy and *developed* in important *particulars*"; and Marx "was *adopting* a principle [i.e., the theory of value] which was part of the *settled tradition* of classical political economy."²² More than three decades later the same author was speaking of the "Ricardo-Marx tradition of value and distribution" and of "a return to Ricardo and Marx."²³

Marx, of course, was a great admirer of classical political economy, and that for two fundamental reasons: first, its scientific method (with all its limitations) and second, its laying bare the real relations of production in bourgeois society. Both these features found their culmination in Ricardo.²⁴ Marx's great admiration for the classical political economy (and for Ricardo in particular) must not, however, blind us to the fact of his *basic* differences with it, amounting to what Althusser

has recently called an "epistemological break" (*coupure*) in the continuity of political economy.

Marx's critique of classical political economy was twofold. First, classical political economy as a part of the bourgeois world outlook suffered from the same limitations as the latter, namely, its categories like all bourgeois institutions were considered "eternal" and not "historical," a particular manifestation of which was the treatment of capital in classical political economy as an instrument of production and not as a definite *social relation*. Connected with this, secondly, was Marx's immanent critique of classical political economy, constituting a radical break with his predecessors. This concerned, for one thing, what Marx considered to be the very basis of political economy, the law of value, and following therefrom surplus value. On this question Marx's position, to quote Engels, was "*directly opposite to all his predecessors*. . . . In order to know what surplus value was he [Marx] had to know what value was. Above all *Ricardo's theory of value itself had to be submitted to criticism*."²⁵ This "direct opposition" is demonstrated in Marx's severe criticism of classical political economy for its confusion of, as well as failure to distinguish between, concrete and abstract labor, labor and labor power, value and value form, cost price and value, surplus value and forms of its existence. Equally severe was Marx's criticism of the classics' failure to distinguish between constant and variable capital and the neglect of constant capital in the process of accumulation on the one hand and their confusion of constant with fixed and of variable with circulating capital on the other.²⁶ Anyone reading Marx carefully should know that these are not simply points of detail but express a *fundamental* critique of classical doctrine.

III

Finally we may ask what "political economy" is being offered by those in the academic profession who are currently at war with the so-called "neoclassical" system (including its "neo-neoclassical" version). The so-called neo-Keynesians of Cambridge who are leading this revolt have brought into sharp relief the extreme unreality and mystification in the "orthodox" position. The latter has been attacked on several grounds, the starting point of the criticism being the denial of the standard

theoretical construct of a perfectly competitive economy (particularly in its “general equilibrium” version) ensuring, simultaneously, efficient allocation of goods and resources and consumer sovereignty (leading ultimately to the so-called “Pareto optimality”)—which was in fact a rationalization of the capitalist social order.²⁷ It has been stressed that the basic assumptions of “orthodox” economic theory are either unverifiable—such as profit maximization by producers and utility maximization by consumers—or are directly contradicted by experience—such as perfect divisibility, first-degree homogeneous and continuously differentiable production functions, perfect knowledge of relevant prices, perfect foresight, etc. Recently a considerable amount of criticism has been directed against the “neoclassical” marginal productivity theory of distribution, particularly with respect to capital. This involves, first, the rejection of the notion of a “production function” (implying the equality of the ratio of marginal products to the ratio of “factor” prices); and second, a certain circularity of reasoning which is inherent in the “neoclassical” position on capital owing to the fact that capital cannot be measured without a knowledge of the rate of interest, which in turn is supposed to be determined by a production function with capital as an input. Third, profit as income from property has been given legitimacy by the “orthodox” economists through a deliberate confusion between capital as physical equipment and materials embodying technical know-how, and capital as finance embodied in business organization.

The above account seems to cover—admittedly in an oversimplified manner—the main points of the Cambridge criticism of “orthodox” economic theory, initiated by Piero Sraffa and Allyn Young in the 1920s and continued, later, mainly by Joan Robinson, Nicholas Kaldor, and Luigi Pasinetti, though there are important differences among them. Now this anti-marginalist critique, though undoubtedly significant, cannot be considered *fundamental*. First, in their criticism of what they consider to be the “neoclassical” theory of value, the “neo-Keynesians” paradoxically accept the “neoclassical” point of view itself—which, by the way, is typical of vulgar political economy—namely, the identification of value with relative prices.²⁸ In fact this anti-“orthodox” criticism amounts to no more than rejecting a particular market *structure*, that is, per-

fect competition along with its underlying assumptions upheld by the "orthodox." Basically both sides conceive of value as a relation between commodities exchanged and not as a *social relation* between people as producers. The "rebels" do not accept that value is determined by labor time—except perhaps in the very special and unlikely case of the equality between national product and wages (as maintained by Sraffa and Joan Robinson)—and Robinson, the most vocal among them, deliberately rejects it. Their position in this respect is a step backward compared to Ricardo (whom they admire), who started out with the determination of value by labor time which, according to Marx, constitutes "the foundation, the starting point for the physiology of the bourgeois system."²⁹ "Commodities," Marx, wrote, summing up Ricardo's views, "have value only as the representatives of human labor; *not insofar as they are things in themselves, but insofar as they are incarnations of social labor.*"³⁰ As is well known, it is precisely for consistently upholding this concept of value that Ricardo distinguished himself from the other bourgeois economists, and was denounced by vulgar political economy as strongly as he was admired by Marx.³¹ Sraffa's "standard system"—supposed to be an improvement over the "labor theory of value"—in fact boils down to an evasion of the relations of production and, hence, rejection of value as a social relation.

Second, unless one accepts the determination of value by labor time one cannot logically show that *distribution relations* arise out of production relations, a fact which is demonstrated by the theories of distribution propagated by the Cambridge critics. The "Cambridge model" of income distribution, while it justifiably rejects the so-called "neoclassical" aggregate production function (with the associated theory of marginal productivity), and emphasizes the class shares of national product, at the same time purports to show that the distribution of national product is determined by the operations of saving and investment outside the *process of production* itself. Thus in the Kaldor-Pasinetti model, the profit/income ratio is directly related to the investment/income ratio (and inversely to the capitalists' saving propensity). But, as Kaldor points out, "the model shows the share of profits, the rate of profit on invest-

ment, and the real wage rate as functions of an investment/output ratio which in turn is determined *independently*.”³² Pasinetti puts the matter more tersely: “The amount of investments, as a proportion of total income, is uniquely determined from *outside the economic system*.”³³ The independence of distribution relations from production relations is clearly brought out by Sraffa when he writes that “the rate of profits . . . is susceptible of being determined from *outside the system of production*,”³⁴ and this is made in a sense operational by Kaldor and Pasinetti by postulating the independence of the amount of investment from the share of profits,³⁵ quite contrary to the assumption by classical political economy of the direct relation between the accumulation of capital and the share of profits. It may, however, be pointed out that Kaldor, somewhat inconsistently, makes investment depend partially on the rate of profit in at least one version of his growth model, contrary to his model of “distribution.”³⁶

It seems to follow that the achievement of the Cambridge “rebels,” who show so great an enthusiasm for classical political economy, falls far short of the highest position reached by the latter, particularly in Ricardo who analyzed distribution relations on the basis of production relations and who, for all his emphasis on the distribution of the “produce of the earth,” was significantly called by Marx “the economist of production par excellence.”³⁷ Needless to add, the Cambridge “rebels” share with their opponents (along with the rest of the bourgeois political economy, broadly speaking) the view that capital is a factor or instrument of production, a *thing*, and not a (social) *relation* of production.

We may note in passing that if this is the position of the “neo-Keynesians,” worse still is the position of those “Marxists” who find, *à la* Proudhon, bad points and good points in both “neoclassical” and Marxist economics and try to effect a marriage between them on the basis of their respective good points.³⁸ (The “neo-Keynesian” bourgeois economists are certainly more radical than those “Marxists” in their criticism of the orthodox position.)

In summary, abstraction being made of the pre-classical

phase of the subject, we see that there are different kinds of "political economy" — classical, vulgar, Marxist, marginalist ("neoclassical"), neo-marginalist ("neo-neoclassical") and neo-Keynesian, to use the broadest categories. All these different kinds, excepting the Marxist, fall under the category of bourgeois political economy. Whenever one uses the term "political economy," one must be careful to make clear in what sense it is being used. There is no special virtue in the expression itself.

NOTES

1. *Traicte de l'economic politique* (1615).
2. *Maximes générales du gouvernement économique d'un royaume agricole* (1753).
3. *An Inquiry into the Principles of Political Economy* (1761).
4. *Ibid.*, vol. I, pp. 15, 16 of the Skinner edition (1966).
5. *Wealth of Nations* (1776), Cannan edition in the Modern Library (1937), Bk. IV, p. 397.
6. *Ibid.*, p. 651.
7. Article on "Political Economy" in Palgrave's *Dictionary of Political Economy*, vol. III (1925-26).
8. Smith, *op. cit.*, pp. 397, 643.
9. *Theorien über den Mehrwert* II, (Dietz), S. 156.
10. *Principles of Political Economy* (1825), p. 1.
11. *An Outline of the Science of Political Economy* (1836), p. 1.
12. See *Principles of Political Economy* (1848), Ashley ed., pp. 1, 21.
13. The English translation of the title of Menger's book is not in keeping with the original. It is more appropriately translated as "political economy" (*Volkswirtschaft*) and not "economics."
14. *Eléments d'Economie Politique Pure*, (1900, 1952), p. 22.
15. *The Economics of Industry* (1879), p. 2.
16. *Principles of Political Economy* (1965-).
17. *Anti-Dühring* in Marx-Engels, *Werke*, Bd. 20, S. 136.
18. *Political Economy*, Eng. trans. (1963), pp. 1, 6.
19. *Principles of Economics*, 8th ed. (1920), Bk. II, Ch. II.
20. Sidgwick, *op. cit.*
21. See L. Pasinetti, "A New Theoretical Approach to the Problems of Economic Growth," in *Study Week on the Econometric Approach to Development Planning* (1965).
22. *Political Economy and Capitalism* (1937), pp. 67, 68. Our emphasis.
23. "The Sraffa System and the Critique of Neo-classical Theory of Distribution," in *De Economist* (1970), reprinted in Hunt and Schwartz, eds., *A Critique of Economic Theory* (1972), p. 208.
24. See *Das Kapital* I, "Nachwort zur zweiten Auflage"; and *Theorien über den Mehrwert* II, (Dietz), S. 155, 157.
25. *Das Kapital* II, "Vorwort" (1885), S. 16 in the Dietz edition. Our italics.

26. We refrain from citing specific references which are too numerous.
27. In this connection, Hicks's remark is perfectly understandable: "A general abandonment of the assumption of perfect competition . . . must have very destructive consequences for economic theory . . . the threatened wreckage is that of the greater part of general equilibrium theory." *Value and Capital* (1939), pp. 83-84.
28. See J. Robinson, *The Accumulation of Capital* (1956), preface; N. Kaldor, "The Irrelevance of Equilibrium Economics" in *Economic Journal* (December 1972).
29. *Theorien über den Mehrwert* II, (Dietz), S. 157.
30. *Theorien* III, (Dietz), S. 183. Our italics.
31. See *ibid*, S. 181.
32. "Alternative Theories of Distribution," *Review of Economic Studies* (1955-1956). Our italics.
33. "Rate of Profit and Income Distribution in Relation to the Rate of Economic Growth," *Review of Economic Studies* (1961-1962). Our italics.
34. *Production of Commodities by Means of Commodities* (1960), p. 33.
35. Kaldor and Pasinetti, *op. cit.* Let us also note the contention of Pasinetti, in the same paper, that, subject to some modification in the value of the propensity to save, basically the same distribution relations, involving the same economic categories, apply to capitalism as to socialism, though, in all fairness, we must say that what he calls *socialism* is indistinguishable from *state capitalism*.
36. "A Model of Economic Growth," *Economic Journal* (1957).
37. *Zur Kritik der Politischen Oeonomie, Einleitung*, (Dietz), S. 255.
38. For a recent example, see H. J. Sherman, "Value and Market Allocation" in Hunt and Schwartz, eds., *A Critique of Economic Theory*.

The Review of Radical Political Economics

Ackerman & MacEwan on the New Economic Policy
 Babson on the Multinationals and Labor
 Bowles on Education and Labor Supply
 Gintis on Alienation and Power
 Nell on Property and the Means of Production
 Quick on Women's Work
 Tabb on Capitalism, Colonialism, and Racism
 Webb on Taxes and the Vermont Worker
 Weisskopf on Imperialism in India

Send for Complete List

URPE

OFFICE OF ORGANIZATIONAL SERVICES

Michigan Union

Ann Arbor, Michigan 48104

THE ETHICS OF LIBERATION: THE EXAMPLE OF CHINA

BY K. T. FANN

What is the relationship between ethics and liberation? This is a question of central importance to any liberation movement. Living in bourgeois society, we are justified in viewing the moralizing of politicians and the preachings of ministers with extreme cynicism. And when we encounter a similar moral tone of voice in the pronouncements of liberation movements and their leaders we instinctively react with suspicion. But the apparent similarity is deceptive and we should try to be clear about their essential difference if we are to understand the meaning of liberation.

"Liberation" said Marx, "is a historical not a mental act."¹* It is a real, historical movement of the oppressed to gain freedom. Revolution is the politics of liberation. Its goal is freedom. Counter-revolution is the politics of oppression. Its goal is exploitation. For a revolution to occur, the oppressed must be dissatisfied with the status quo, with what is the case; and must desire something "better," something that should be the case but is not. The objective condition of misery in itself

This is a revised version of a paper presented at the third Annual Conference on Philosophy and Contemporary Society at Morgan State College on May 2, 1973. K. T. Fann teaches philosophy at York University, Ontario, Canada, and edits the quarterly *Social Praxis*.

* Notes will be found at the end of the article.

does not give rise to a revolutionary situation. If the oppressed are brainwashed into accepting their fate as a natural state of affairs they will not rebel. Perception of the "better" and belief in the possibility of change are prerequisites of any revolution. Consequently, liberation implies movement toward a goal, an ideal. Every true revolution is inspired and guided by an ideal of a better society. Traditionally, ethics deals with the goals, or the *telos* of human life. It deals with what ought to be the case as opposed to what is the case. It should be remembered that Aristotle wrote a treatise on *politics*, and what we call his *Ethics* was just the first part of his treatise on *politics*, the part that defined the goals, the most inclusive concepts and methods. For him it would be impossible to talk about how to organize a society without first settling the question of "what for?" Politics and economics deal with the "how" of society and ethics deals with the "what for" of society. It's obvious that any liberation movement must not only criticize the status quo but must also have a fairly clear idea of the new social order it wishes to bring about. Politics and ethics must be intimately connected in a revolution. To provide a real example, I shall describe the essential role of the new socialist ethics in shaping the Chinese Revolution. However, before I do that, I would like to analyze the separation of ethics from politics in bourgeois society and outline the main features of the bourgeois value system as an object for comparison.

In bourgeois society, since the goal of the economic system is the exploitation of the majority, it is best for the ruling class if people do not question the status quo—if the people do not ask how things ought to be. Since the whole economic system is unethical, it is best that none ask ethical questions. Under capitalism, alienated human individuals are bound to each other and to society by an invisible umbilical cord: the economic law of value. As Marx and Engels wrote in the *Communist Manifesto*:

[The bourgeois] has left remaining no other bond between man and man than naked self-interest, than callous "cash payment." It has drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless inde-

fensible chartered freedoms, has set up that single, unconscionable freedom, free trade. In one word, for exploitation, veiled by religious and political illusions, it has established naked, shameless, direct, brutal exploitation. The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage-laborers.

The motivation for every activity and every profession is self-interest, profit. Money becomes the bond of all bonds. It acts upon all facets of our lives, shaping our needs and our destinies. We no longer ask the question "what for?" The profit motive becomes the dominant force in our lives and is reflected in our thinking. People became physicians not because they want to help the sick, but because they want to make money. The worth of things and persons is measured mainly in terms of money. The capitalist way of looking at things is so ingrained in our thoughts that we cannot even recognize that there are legitimate reasons for doing things other than making money. There is no human activity that cannot be turned into a business enterprise. Even a hobby such as stamp collecting has become a multi-million-dollar business. People cannot appreciate the value of an object of art in itself unless a price tag is attached to it. In their bourgeois way of thinking, everything has a price; otherwise it is worthless.

The capitalist mode of thought is applied not only to things but also to persons. A person's worth is calculated according to the amount of money he possesses. Marx described this succinctly in his early manuscript:

The extent of the power of money is the extent of my power. Money's properties are my properties and essential powers—the properties and powers of its possessor. Thus, what *I am* and *am capable of* is by no means determined by my individuality. I *am* ugly, but I can buy for myself the most *beautiful* of women. Therefore I am not *ugly*, for the effect of *ugliness*—its deterrent power is nullified by money. . . . I am bad, dishonest, unscrupulous, stupid; but money is honored, and hence its possessor. Money is the supreme good, therefore its possessor is good. . . . I am *stupid*, but money is the *real mind* of all things and how then should its possessor be stupid? Besides, he can buy talented people for himself, and is he who has power over the talented not more talented than the talented? Do not I, who thanks to money am capable

of *all* that the human heart longs for, possess all human capacities? . . . If *money* is the bond binding me to *human* life, binding society to me, binding me and nature and man, is not money the bond of all *bonds*? Can it not dissolve and bind all ties? Is it not, therefore, the universal *agent of separation*? It is the true *agent of separation* as well as the true *binding agent*.²

Money binds us all together as selfish, egotistical, atomized, and alienated economic animals. It separates us from each other, from the community, from our human needs over and above our animal needs. We no longer know how to relate to each other on a human level. We treat others and ourselves as commodities, products. Professors speak of their own marketability and regard their students as products. At his inauguration a university president recently said, "We ought to think about the quality as well as the quantity of our products." At the back of his mind he sees the university as a factory producing certain products to be sold on the market. Unfortunately, this inhuman view of the educational system is an accurate description of reality. And how often do we make friends not because we like them, but because we want something from them? Persons are treated as objects, as use values. Alienated, egotistical individuals are incapable of relating to each other even on a man-and-woman basis. The perverse obsession with sex in the bourgeois world is not a sign of sexual liberation but a symptom of final alienation in a decaying society. The increase of pornographic literature and movies and the general liberalization of sexual behavior is not an indication of sexual fulfillment but an expression of sexual frustration. The individual in this decaying society is isolated, each pursuing a chimera called self-fulfillment, or individuality. Loneliness becomes epidemic. In bourgeois ideology this state of affairs is sanctified as individualism.

Recently I received a letter from a white friend of mine who is working in a community project in the South. She said: "In living with a black family I see and am beginning to accept a communal type environment, in which everybody helps everybody to their well being or worse being. Everybody thinks everything is their business. I haven't accepted that yet; it goes against the very grain of my nature." What constitutes a com-

munity is precisely the fact that everybody thinks everything is their business. This goes against the very grain of our "bourgeois" nature. We are taught from an early age "not to talk to strangers." But in a community no one is a stranger. We are always told to mind our own business, to do our own thing, etc. All this culminates in the alienation of individuals from each other, in the loss of community. The result is that in the bourgeois society each person looks out for his or her own interests without regard for the common good, and consequently becomes easy prey for the capitalists.

There is another aspect of this matter. In bourgeois society any time someone else minds your business the purpose is "domination." But in a community the motivation is "concern." It is ironic that in the world today "community" exists only among the poorest, most oppressed sectors of the world—in the ghetto, the jungle, the rice paddies, and so on. The reconstruction of human society will, above all, depend on these people. Bourgeois individualism, with the attendant loss of community, serves the class interest of the capitalists. The atomized individual family, cut off from a community, seeking only its self interest, provides a mobile work force and prevents the formation of a sense of community or class consciousness which could question and challenge the status quo. Bourgeois individualism is the old imperialist trick of divide-and-rule pushed to its logical extreme.

This same divide-and-rule strategy is even more successfully applied to the ideological sphere. The separation of ethics from politics, economics, sociology, and the natural sciences has become a dogma in the bourgeois educational system. Science (natural or social), we are told from our first day in college, is value free. The first chapter of many textbooks in social science starts with a distinction between "fact" and "value," between "is" and "ought," and then makes it clear that it is the job of science to deal with facts and not values. To be a scientist, to be objective, one is supposed only to describe the functioning of a system but never to evaluate it as good or bad. Marx was most forceful in his critique of political economy:

If I ask the political economist: Do I obey economic laws if I extract money by offering my body for sale, by surrendering it to another's lust? . . . Then the political economist replies to me:

You do not transgress my laws; but see what Cousin Ethics and Cousin Religion have to say about it. My *political economic* ethics and religion have nothing to reproach you with, but whom am I now to believe, political economy or ethics? The ethics of political economy is *acquisition*. . . . The political economy of ethics is the opulence of a good conscience, of virtue, etc.; but how can I live virtuously if I do not live? And how can I have a good conscience if I am not conscious of anything? It stems from the very nature of estrangement that each sphere applies to me a different and opposite yardstick—ethics one and political economy another. . . .³

Let us see what Cousin Ethics and Cousin Religion have to say about values and morals. The first lesson in any ethics course is that Ethics does not teach moral values, it only talks about ethics—it analyzes the meaning of words such as “good,” “right,” etc., and it argues about whether you can derive an “ought” from an “is.” Cousin Ethics has nothing to say, and when you ask him about a real moral issue he will recommend that you see Cousin Religion. But Cousin Religion only works on Sundays and he sells the “opiate of the people.” He sells you an entrance ticket to a place you can go only after you are dead and for which you have to pay cash now. Besides, he runs his business according to the same capitalist principle as political economy. You deposit your good deeds now, and cash in later, in Heaven. What has this to do with Morality? Nothing. So where do we go to learn moral values? Absolutely nowhere. And this is exactly the way the ruling class wants it to be—a thoroughly unethical society where acquisition and exploitation rule supreme.

Liberation from this oppressive system requires, first of all, the reintroduction of ethics as a motivating force of the revolution. Commitment to a new ethical order is the first prerequisite of a revolutionary. This implies that the revolution must not only change the economic structure of the society, but also change man himself in the process. Marx himself always emphasized that “to work out their own emancipation . . . [the working class] will have to pass through long struggles, through a series of historical processes, transforming circumstances and men.”⁴ To over-emphasize the role of circumstances over man is mechanical materialism. Marx explains: “The materialist doctrine that men are products of circumstances and upbringing, and that, there-

fore, changed men are products of other circumstances and changed upbringing, forgets that it is man that changes circumstances and that the educator himself needs educating.”⁵ To over-emphasize the role of man over circumstances is philosophical idealism. Marx says, “Men make their own history, but they do not make it just as they please, they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past.”⁶ Liberation is a long historical process whereby both men and circumstances are transformed. Initially, a vanguard group of revolutionaries form a political party to effect changes in the society and in the process change themselves. Marx was most impressed by this process in his youth when he participated in workers’ organizations in Paris. He observed: “When Communist artisans associate with one another, theory, propaganda, etc., is their first end. But, at the same time, as a result of this association, they acquire a new need—the need for society—and what appears as a means becomes an end. . . . Such things as smoking, drinking, eating, etc., are no longer means of contact or means that bring together. Company, association, and conversation, which again has society as its end, are enough for them; the brotherhood of man is no mere phrase with them but a fact of life. . . .”⁷ The new human relationships, the new moral order practiced by the vanguard of the revolution are then transformed into the new moral order for the whole restructured society.

Unless and until man is transformed into the antithesis of the selfish, egotistical, and aggressive capitalist man, capitalism will be restored. Changed circumstances alone do not change man. This is the important message of the Chinese Cultural Revolution. Orthodox Marxists assumed that after the means of production were socialized the new socialist man would naturally emerge; so they concentrated on the building of a socialist economy and neglected to change man actively. Learning from the experience of Soviet Russia, Mao observed that even under a socialist regime there is a “selfish spontaneous tendency towards capitalism.”⁸ Why is this so? Because, as Marx said: “The tradition of all the dead generations weighs like a nightmare on the brain of the living. And just when they seem en-

gaged in revolutionizing themselves and things, in creating something that has never yet existed, precisely in such periods of revolutionary crisis they anxiously conjure up the spirit of the past to their service. . . .”⁹ Thus, in an attempt to increase productivity and to catch up with the West, Russia resorted to using capitalist means of stimulating workers by material incentives among other measures. But as Che Guevara emphasized—you can’t bribe a man to become an un-bribeable new socialist man. A new incentive for work must be introduced—the moral incentive.

The lesson the Chinese Revolution learned from what they call revisionism is that it is not enough to replace a capitalist economy with a socialist one, you must replace the selfish, acquisitive ethics of capitalism with a new socialist ethics. Thus, the slogan for the Cultural Revolution was: “criticize revisionism, fight selfishness.” Bourgeois individualism was the main target of this revolution. Unlike the violent revolution of 1949 which aimed at socializing the economic base, the Cultural Revolution aimed at changing the consciousness or the soul of people. The people’s consciousness cannot be changed by force. As Mao puts it, “ideological struggle is not like other forms of struggle. The only method to be used in this struggle is that of painstaking reasoning and not crude coercion.”¹⁰ This requires a long educational process to replace the “I” as the center of reference with the “we,” and to replace the profit motive with serving the people as the motive. Edgar Snow, who visited Mao in the 1930s while the Liberation Army was hiding out in the caves of Yenan, noticed that in giving an account of his life Mao unconsciously started to use the pronoun “we” instead of “I” when he talked about his activities after joining the revolution. Instead of saying “what I did” and “what I thought” he began to talk about “what we did” and “what we thought.” Edgar Snow noticed the same transformation among other leaders he talked to.¹¹ This transformation constitutes the essence of the transformation from bourgeois ethics to the new socialist ethics. During my recent visit to China, I noticed the same type of transformation in talking to old intellectuals and listening to their accounts of their experience during the Cultural Revolution. There can be no liberation movement until the isolated indi-

viduals in the bourgeois society purge themselves of the bourgeois hang-ups of individualism through a revolutionary transformation from "I" to "we." Too many so-called radical movements have disintegrated because of the failure of the individual members to make this transformation. The old imperialist trick of divide-and-rule has proven to be especially effective in this ideological form.

The Cultural Revolution in China aimed at instilling in the whole population the spirit of Yen-an, the new morality which inspired and guided the vanguard party. The main features of this new ethics are embodied in what is called "three constantly read articles of Mao," written in the 1930s while he was living in the caves of Yen-an. They are: "Serve the People," "In Memory of Norman Bethune," and "The Foolish Old Man Who Removed Mountains." "Serve the People" needs no explanation. Instead of the profit making of the capitalist society, "serving the people" is the primary motive for every activity and profession. A student wants to become a doctor because he wants to serve the people and not because he wants to make money. This is as it should be. Only those who are not perverted by bourgeois values can understand that. "In Memory of Norman Bethune" was written to commemorate a Canadian doctor who went to help the Red Army in 1938 in their war of resistance against Japan, and who died while performing his duty. Mao says, "What kind of spirit is this that makes a foreigner selflessly adopt the cause of the Chinese people's liberation as his own? It is the spirit of internationalism, the spirit of Communism, from which every Chinese Communist must learn. . . . We must all learn the spirit of absolute selflessness from him. With this spirit everyone can be very useful to the people. A man's ability may be great or small, but if he has this spirit, he is already noble-minded and pure, a man of moral integrity and above vulgar interests, a man who is of value to the people."¹² The emphasis here is selflessness and internationalism. Service to the people means service not only to the Chinese people but to the oppressed people of the whole world. Thus, peasants in the remotest village of China will tell you, with all sincerity, that they are working hard to support the world revolution. They consider it their duty to donate the fruits of their labor to the

Vietnamese people, as they are doing. The bourgeoisie fosters chauvinism and racism as a part of their divide-and-rule strategy of oppression. The new socialist ethics must foster internationalism to counteract that strategy.

"The Foolish Old Man" is an ancient Chinese fable about a man in front of whose house were two great mountains, blocking the way to the city. He decided to lead his sons to dig them away. Another old man known as the Wise Old Man saw them and laughed, "How silly of you! It's impossible for a few of you to dig up these two huge mountains!" The Foolish Old Man replied, "When I die, my children will carry on; when they die, there will be my grandchildren, and so on. High as they are, the mountains cannot grow any higher and with every bit we dig they will be that much lower. Why can't we clear them away?" Mao used this fable to instill in the people a sense of perseverance. Not only should we serve the people in China and widen that service to the peoples of the world, but we must also serve the people of the future.

A revolutionary must take the long view of history. Liberation is a long historical process which requires a cooperative effort of many generations of individuals. The bourgeois notion of quick return for an investment is ingrained in our consciousness. We ask ourselves, "Will there be a revolution in my lifetime?" "What's in it for me?" "If I don't get to enjoy the fruits of the revolution, why should I waste my energy?" We are still thinking in terms of capitalist logic when we ask these questions.

The new ethics of liberation is the negation, the opposite, of bourgeois ethics or, more accurately, non-ethics. However, it must be pointed out that socialist ethics is a *transitional* ethics. A socialist society is a society in transition from capitalism to communism. Because there is conflict between individual and collective interest in the present world, the socialist ethics gives primacy to the collective interest. In the communist society of the future where "the free development of each is the pre-condition for the free development of all,"¹³ where there is no longer a conflict between individual and collective interest, the socialist values of sacrifice, selflessness, etc., will be transcended. China is not yet a communist society but it is consciously moving in that direction. It may take generations before the new socialist

ethical order is realized, not to mention the as yet undefined communist ethical order. As Mao emphasized, "The present Cultural Revolution is only the first; there will inevitably be many more in the future."¹⁴

NOTES

1. Marx and Engels, *The German Ideology* (Moscow: Progress Publishers, 1964), p. 56.
2. Marx, *The Economic and Philosophic Manuscripts of 1844* (New York: International Publishers, 1968), p. 167.
3. *Ibid.*, pp. 151-152.
4. Marx and Engels, *Selected Works* (Moscow: Progress Publishers, 1969), volume 2, p. 224.
5. *Ibid.*, volume 1, p. 13.
6. *Ibid.*, p. 398.
7. Marx, *The Economic and Philosophic Manuscripts*, pp. 154-155.
8. Mao Tse-tung, *Selected Readings* (Peking: Foreign Languages Press, 1967), p. 347.
9. Marx and Engels, *Selected Works*, volume 1, p. 398.
10. Mao, *op. cit.*, p. 376.
11. Edgar Snow, *Red Star Over China* (New York: Grove Press, 1961), p. 175.
12. Mao, *op. cit.*, p. 146.
13. Marx and Engels, *The Communist Manifesto*.
14. Mao, quoted in *Peking Review* (September 26, 1969), p. 9.

CRITIQUE

A Journal of Soviet Studies and Socialist Theory

CRITIQUE is devoted to a Marxist analysis of the Soviet Union and Eastern Europe, and is particularly concerned to link Marxist theory to contemporary information about the Soviet Union in an effort to overcome the sterile empiricism of contemporary Soviet Studies.

CRITIQUE is also devoted to related areas of socialist theory, such as the problems of the transitional period and the socialist mode of production. Among recent articles:

Hillel Ticktin: Political Economy of the Soviet Union

Mary McAuley: Political Change Since Stalin

Jiri Pelikan: Workers Councils in Czechoslovakia

David H. Ruben: Godelier's Marxism

Subscription Rates (includes postage; airmail rates on request)

One Year: Inland 80p. Overseas £1.20 (\$3.00)

Two Years: Inland £1.50. Overseas £2.25 (\$5.65)

Institutional Annual Rates: Inland £1.20. Overseas £1.80 (\$4.50)

(Published Bi-annually)

Single Issue: Inland 40p. Overseas 60p (\$1.50, 4.50DM, 7 French Frs., 7 Swedish kr., 800 lire, 9 Danish kr., 450 yen.)

Subscribe by post (payment with order) to:

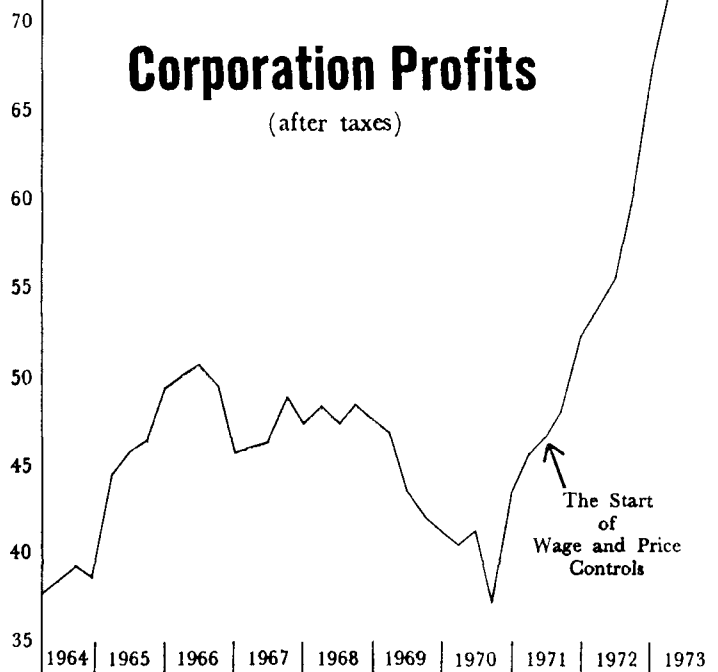
CRITIQUE, 31 Clevedon Road, Glasgow G12 0PH, Scotland. (tel: 041-339 5267)

NO COMMENT

Billion \$

Corporation Profits

(after taxes)



Source: *Survey of Current Business*, various issues. These are quarterly data, at annual rates and seasonally adjusted, as computed by the Department of Commerce for its official National Income estimates.

MONTHLY REVIEW

(Selecciones en Castellano)

Apartado Nal. 8004

Bogotá, Colombia

SUSCRIPCIONES

En Colombia

80 (pesos Col.)

150 (pesos Col.)

SEMESTRAL

☐

ANUAL

☐

En el Exterior

\$ 5 (dólares)

\$10 (dólares)

Nombre

Dirección

Ciudad País

NEW OUTLOOK

middle east monthly

New Outlook, an Israeli publication, was launched in 1957. Among its founders was Martin Buber, one of the outstanding humanists of modern times. Since its inception, **New Outlook** has devoted itself to the peaceful and just resolution of the Arab-Israeli conflict. Its list of editors and sponsors includes well known figures from most of the political groupings in Israel, prominent scholars, writers, artists, and leaders of the Jewish and Arab communities. For sixteen years, **New Outlook** has served as a forum for these Israelis — Arabs and Jews — who do not believe in military solutions, but strive for a peace based on justice.

SUBSCRIBE NOW AND RECEIVE THE 80 PAGE MARCH-APRIL ISSUE WHICH INCLUDES :

- **Israel Facing A New Reality** DR. NAHUM GOLDMANN
- **An Egyptian's Vision Of Peace** SANA HASSAN
- **Arab Aims And Israeli Attitudes :
A Critique Of
Yehoshafat Harkabi's Prognosis** NISSIM REJWAN

SUBSCRIBE AND MAKE SURE OF RECEIVING
NEW OUTLOOK REGULARLY

New Outlook
Karl Netter 8
Tel Aviv, Israel

Rates (one year):

Cut out and send :

SURFACE MAIL		----- Enclosed please find sum of..... in payment for a.....year sub- scription to New Outlook.
Israel	IL. 24.00	
USA	\$ 12.00	
England	\$ 12.00	
Other countries		
accordingly		
AIRMAIL		
USA	\$ 16.00	Regular mail.....
England and		Airmail.....
Europe	\$ 14.00	
New York Director		Name
Mrs. Bess Horowitz		Address
75 Henry Street		
Brooklyn, NY 11201		
USA		AHS-1

SPECIAL OFFER !

NEW SUBSCRIBERS ALSO RECEIVE A
FREE COPY OF THE NEW OUTLOOK
REPRINT :

Israeli Foreign Policy and the Arabs :
A TIME FOR RE-EVALUATION
by Dr. Nahum Goldmann.

In this pamphlet, originally published by NEW OUTLOOK in the Summer of 1970, Dr. Nahum Goldmann warned what might happen in the absence of an Israeli peace initiative that would take into consideration Arab aspirations and rights. In this prophetic essay, he listed five possible consequences of the failure of the Israeli government to press forward an actual peace policy :

● Escalation of a no-war and no-peace situation accompanied by increased political isolation of Israel ● An agreement between the two Super-Powers or the Big Four and pressure on Israel to accept it ● Action by the Security Council at the insistence of the Soviet Union, alone or in conjunction with some other country ● Renewal of war ● Soviet intervention.

This important essay contains the opinions of an independent thinker, whose position as head of the World Jewish Congress gives him a global perspective of the Arab-Israeli conflict.

Two Recent Publications On

CHILE

THE ALLENDE YEARS
THE COUP
UNDER THE JUNTA

CHILE UNDER MILITARY RULE

Edited by Prof. Laurence Birns

EACH \$3.25

Includes Handling

BULK DISCOUNTS AVAILABLE

ORDER FROM

IDOC MONTHLY DOCUMENTATION

235 EAST 49TH STREET

NEW YORK, NEW YORK 10017

(212) 752-5121

Books from Russell Sage Foundation

THE DIALECTICS OF LEGAL REPRESSION

Black Rebels Before the American Criminal Courts

Isaac D. Balbus.

The Black ghetto revolts between 1964 and 1968 presented the most serious violent challenge to the existing American political order since the Great Depression. Using police and court records, and extensive interviews with judges, defense attorneys, prosecutors, and detention officials, Professor Balbus provides a complete reconstruction of the response of the criminal courts of Los Angeles, Detroit, and Chicago to the "civil disorders" that occurred in these cities. What emerges is a disturbing picture of the relationship between court systems and participants and the local political environments in which they operate. **1973. 269 pages. \$11.50**

RACE AND AUTHORITY IN URBAN POLITICS

Community Participation and the War on Poverty

J. David Greenstone and Paul E. Peterson.

Examines the working of authority and race structures in urban life through the detailed analysis of a single public policy issue—citizen participation in the Community Action Program of the Johnson Administration's "War on Poverty." The authors focus on the politics of the project in five major American cities, and discuss the factors which affected the development of the action program in each. The book stresses the effect of machine and reform structures on minority group organizations, and notes the failure of these groups to appreciate the significance of the racial cleavage in American politics. **1973. 325 pages. \$12.50**

THE NEW FEMINIST MOVEMENT

Maren Lockwood Carden.

A detailed study of the new women's movement and those organizations which form a major part of that movement. Ms. Carden divides the movement into two parts: the hundreds of small consciousness-raising and action groups, and the large, formally structured organizations, such as National Organization for Women (NOW), discussing each in terms of strategies and actions, structure, members' reasons for participation, and the relationship between structure and ideology. Objective and comprehensive, the study is based on participant observation and interviews with members and local and national leaders in seven representative cities during 1969-1971. **1974. 226 pages. \$8.95**

IN DEFENSE OF YOUTH

A Study of the Role of Counsel in American Juvenile Courts

W. Vaughan Stapleton and Lee E. Tettelbaum.

Attempts to determine the effect of defense counsel's performance on the conduct and outcome of delinquency cases. After briefly describing the early development of juvenile court proceedings, as well as a history of recent changes in the system, the authors examine the impact of legal representation on the outcome of cases in two juvenile courts. They also investigate factors that influence a lawyer's mode of defense, and present a thesis on the significance of the structures of hearings and the readiness of court personnel and procedures to accommodate the participation of the defense counsel. **1972. 243 pages. \$10.00**

Published by **Russell Sage Foundation**, 230 Park Ave., N.Y., N.Y. 10017

Distributed by **Basic Books, Inc.**, 10 East 53rd Street, New York, N.Y. 10022

BOOKS

LESSONS FROM THE DAMNED

By Conrad Lynn

Lessons from the Damned: Class Struggle in the Black Community by The Damned. Times Change Press, New York, 1973. 160 pp. \$7.95; paperback \$2.75.

A group book is still something of a rarity in Western society. No doubt, the writers of *Lessons from the Damned* prefer to remain anonymous to preserve the effect of a joint effort. However, the reviewer must place the writing in context. The prospective reader is entitled to know out of what milieu this judgment comes.

This work is not so much a narrative as a cathartic rejection of the basic conditioning to which all of us are subjected in middle-class America. We should know, then, that the writers are young black people who live in Westchester. The whole world knows that Westchester County is one of the wealthiest suburban communities in the wealthiest country on earth. In the early 1930s those of us among the newly educated blacks who had been driven into the Communist Party by the depression developed the utmost disdain for the petty bourgeois blacks of Westchester. No revolutionary contribution could be expected from this area.

Yet, forty years later, a searing analysis of the standards of the most respected elements of the Black Establishment has issued from the youthful deprived of this community. Few will find read-

Conrad Lynn is a long-time advocate for Third-World people.

ing *Lessons from the Damned* a comfortable experience. All of us can profit from its unblinking honesty. The book proves two fundamental observations for our time. First, that capitalist goals affect us all, the white and the black, the rich and the poor, the radical and the conservative. In my trade, the law, radicals did not consider a practitioner a success unless he made money. The poor, whom the radical lawyer would serve gladly and freely, had little respect for their benefactor if he was broke. It took me ten harsh years—from the Scottsboro Case to the first Supreme Court test of the Second World War Jim Crow army—to learn that lesson. These young authors have in their teens caught the essence of what that means.

The second truth they have discovered is the dreadful degradation of the black bourgeoisie, petty and otherwise. E. Franklin Frazier demolished the pretensions of this class for my generation in terms which would have caused a Dean Swift to turn green with envy. But his hilarious ridicule did little to hinder the emergence of a new black middle class whose aping of the ways of their white betters makes any sensitive observer shudder.

All critics of the Left recognize the role that the dominant class plays in the burgeoning of revolutionary movements. Some of its members have supported the struggles of the sharecroppers, the early efforts of workers to organize, and today the fight against a dehumanizing prison system. But the affluent black upper and middle class has always refused, with very few exceptions, to sustain any effort of the propertyless members of the race to throw off their shackles. Indeed, white politicians never cease to proclaim that the black middle class is even more vociferous than the white majority in its demands for the forceful suppression of discontent in the submerged masses.

If the middle-class white American majority is shortsighted, the black middle class, it is only fair to say, is blind. The developing economic crisis of the "Free World" makes more pressing the choice first systematically posed by R. Palme Dutt in the early 1920s—Fascism or Social Revolution. The young relief-recipient authors of this book have the piercing vision, on the other hand, that their petty bourgeois brothers of the 1960s lacked. For many of these latter "bloods" were willing, and even eager, to become the storm troopers of the totalitarian state under the guise of achieving "black power." The harsh and frustrating experiences of these new young activists of the 1970s have enabled them to cut through the fog of racism and black identity to nail the struggle

as it will inevitably develop—a clash between the haves and have-nots on a world stage.

I have been heartened to notice among my young murder defendants in the prisons a parallel development. The fastest growing group of Moslems are the followers of the Sunni faith who oppose Elijah Mohammed's thesis that only blacks can be true Moslems. In desperation, that worthy's followers murdered seven women and children in Washington, D.C., because they had rejected his interpretation of the true faith. The next day four Sunnis in Williamsburg, Brooklyn, raided a sporting goods store in broad daylight to secure the arms to defend themselves. They have made it clear to me that they are perfectly willing to die for their belief that the oppressed of every race and color must join to overthrow the existing order.

The revolution for a society based on human needs rather than for private profit may be doomed to defeat in the citadel of world capitalism, but the youthful authors of this book are undaunted. "They have nothing to lose but their chains."

SUBSCRIBERS: TO CHANGE YOUR ADDRESS

Please write us BEFORE you move, 60 days in advance if you can.

Mail to Subscription Dept., Monthly Review, 62 W. 14 St.

New York City 10011

1. In this space, attach an OLD address label (or, if you don't have a label, give us your old address).
2. And in this space, please print carefully your NEW address.

Name

Name

OLD address

NEW address

City

State

Zip

City

State

Zip

CORRESPONDENCE

TWO COMMENTS ON THE ENERGY CRISIS

I

Frank Ackerman and Arthur MacEwan's article on the energy crisis ("Energy and Power: Are We Running Out of Gas?" [MONTHLY REVIEW, January 1974]) raises a number of important questions and introduces a variety of valuable insights. Nevertheless, it seems to me that the article errs in attributing the current "crisis" entirely to oil company machinations. While the oil magnates have clearly been involved in a highly profitable shell-game, as Ackerman and MacEwan ably demonstrate, their actions reflect the impact of certain imperatives. Ackerman and MacEwan are correct in rejecting the contention, planted by some environmentalists and carefully cultivated by the oil companies, that a genuine shortage has arrived, spurred by excess demand for a limited supply of oil. That situation may someday arise; but for now, any actual shortfall must be seen as the result of fairly deliberate policies in oil production, refining, and distribution. Still, it would be my guess that in this the oil companies have pursued one of their less-desired policy options in response to circumstances beyond their control. Particularly, these policies represent an attempt to adapt to the general crisis of U.S. imperialism, symbolized and accelerated by the U.S. defeat in Vietnam.

Evidence that the major oil companies did in fact instigate much of the current crisis seems voluminous and indisputable. On this point, Ackerman and MacEwan's analysis hardly requires amendment. Further substantiating evidence has been provided by Jack Anderson's revelation of material from the files of the Aramco consortium (i.e., Exxon, Mobil, Standard of California, and Texaco). Confidential executive memos, extensively paraphrased and

quoted in Anderson's columns on January 15 and 16, indicate that Aramco used its considerable influence with the Saudi Arabian government to "quietly agitate for higher prices."

On the other hand, Anderson's material reveals considerable anxiety among Aramco officials over "political repercussions in the West." This seems highly understandable. Certainly the oil companies must recognize that their present policy includes numerous high-risk factors. They have chosen a course of action which accelerates inflation, threatens recession, imposes real difficulties on long-time allies like the automobile manufacturers, and a transparent view into their manipulations that they would normally go to great lengths to avoid. Their extreme sensitivity on this last point can be seen in the massive "image" advertising campaign referred to by Ackerman and MacEwan. It seems extremely improbable that these repercussions should have come as much of a surprise, and equally unlikely that they would have been risked except under some duress.

To get to the point, I would suggest that the oil companies are presently engaged in a major shift in corporate strategy *necessitated* by the U.S. defeat in Vietnam and by other events that indicated a decline in exerciseable U.S. power. The oil companies can hardly be presumed to have missed the significance of these events, at least to their own economic well-being. They could only view with concern the evidence that U.S. military prowess has been blunted. In addition, the United States has lost much of its room to maneuver. The war has left a legacy of restraining influences—at home, a reservoir of resistance to similar adventures, and in the international balance of forces, the network of entanglement with the USSR and the People's Republic of China needed to extricate the United States from the war. Furthermore, these developments have not gone unnoticed. Other governments, and not only those of the major powers, have recognized that their own maneuverability has increased where that of the U.S. has been constrained.

This brings us back to the question of the energy crisis. Assume, for the moment, that the oil companies accept this view of current trends, at least in its broad outlines. For them, it holds dire implications—most of all, it poses the threat of eventual, inevitable nationalizations by the oil-producing countries. Anderson's information shows Aramco officials predicting nationalization by the traditionally malleable Saudi Arabian regime "well before 1980."

This danger necessitates a drastic change in policy. For as

long as they can maintain a near monopoly on oil production, the major oil companies are admirably served by their present strategy of skimming off super-profits at that level and carrying out the refining, distribution, and sale of their products at a relatively low rate of return. (See, for instance, Michael Tanzer's *The Political Economy of International Oil* [Boston: Beacon Press, 1969].) Among other things, this has done a great job of discouraging independent refiners and distributors from trying to break into the market. However, if continued control over production is seriously threatened, the whole picture changes. And the necessity of major policy alterations arises.

This hypothetical perspective goes a long way toward explaining certain features of the current energy situation. For one thing, it sheds some light on the determined effort by the major oil companies to wipe out independent operators who have managed to create niches for themselves. If the majors should need to fall back on refining and marketing as a primary source of profits, this crisis will have paved the way by clearing the ground of potential competitors. Anderson's January 15 column shows that Aramco seriously contemplates "changing its economic base. Because the Saudis are expected to take over the oil at the well-head, the company is preparing to take its profits from refining and marketing. In the past, it has been the other way around."

The crisis helps out in other ways as well. Skyrocketing prices permit the major oil companies to milk their control of production for every penny it's worth for as long as it lasts. Additional evidence from the Aramco files demonstrates that they have been following a parallel policy in production operations for several years: they have been maximizing on production from existing wells to an extent that endangers their long-run value, while minimizing on investment in new wells that might be lost to nationalization. As Anderson notes, "the documents make clear that Aramco is not interested in preserving petroleum for the Saudi government to expropriate, but only in removing as much as possible before nationalization takes place."

Finally, the crisis boom helps the oil companies to get in on the ground floor both as investors and as technical caterers to industrial development in the Middle East. For this, they get additional tax breaks from the Middle Eastern governments. And at the same time, they entrench themselves in a more diversified and potentially more permanent role in the area.

So much for my argument. A few corroborative details remain, but they'd take more space to explain than they are worth. I did

feel, however, that Ackerman and Mac Ewan deserved, and to some extent required, this attempt to expand their argument. Beyond refuting the oil companies and Nixon's energy czars, the task of analyzing the situation requires an explanation for a policy that courts so many dangers. I would suggest that the key to an understanding lies in the imperatives of post-Vietnam economic and political calculations.

Andrew Marx

Amherst, Mass.
January 1974

II

MR is to be praised for its prompt response to the so-called "energy crisis" (F. Ackerman and A. MacEwan, "Energy and Power," January 1974), but this reader—and others, I hope—can justly advance a request that additional material on this topic be considered for publication during 1974.

Whereas "Energy and Power" competently exposes the tie between a post-1969 "freeze" on new refinery capacity in the United States and the current drive for super-profits by major oil firms, the article does contain certain serious flaws. Ackerman and MacEwan state that "whether or not there is an energy crisis, there is no profits crisis for the oil companies." In the sense that the oil industry has never known a profitless year since the first well was drilled in western Pennsylvania in 1859, they are entirely correct, but they err in another sense that is of great immediate importance.

Concentrating solely upon recent yearly profits expressed in dollars, the authors of "Energy and Power" neglect the analysis of *profitability*—surely an important consideration for the capitalist class. The reader who diligently scrutinizes their table of 1966-1973 profits can ascertain that, in 1972, Gulf and Atlantic Richfield took in smaller amounts than in 1966, or that, during the first nine months of 1973, each of the nine largest American oil firms sharply boosted its profits. There is, however, no discussion of yearly profits in relation to invested capital, whether in oil or in other industrial sectors.

In 1972, manufacturing profits after taxes in the United States represented 10.6 percent of equity, in contrast to the previous decade's high of 13.4 percent (1966).¹ For the nine leading oil firms examined in "Energy and Power," the 1972 profitability ratio was 10.0 percent, or slightly lower than the average for manufacturing firms. Like other manufacturers, these nine firms had experienced a steady shrinkage of profitability since 1966:²

Profits as Percentage of Invested Capital for 9 U.S. Oil Firms

	1966	1968	1969	1970	1971	1972
Exxon	12.2	13.0	10.4	12.0	12.6	12.8
Mobil	9.7	10.6	10.1	10.6	11.2	11.4
Texaco	15.9	9.7	13.2	8.3	13.4	12.8
Gulf	12.3	8.4	11.8	6.3	10.2	8.4
S.O. Calif.	12.1	7.8	10.6	6.8	10.4	10.8
S.O. Ind.	9.2	6.5	10.0	9.2	9.6	9.8
Shell (U.S.)	13.8	12.2	10.9	8.8	8.5	8.9
Continental	11.6	10.7	10.7	10.5	8.4	10.4
Atl. Rchfld.	17.5	11.0	8.5	8.2	6.9	6.7
Combined Ratios	12.2	12.3	11.4	10.8	9.3	10.0

Though we need not weep for corporate giants experiencing a succession of "lean years," the long-term implications of falling profit rates cannot be ignored. As profitability has declined, the oil industry has limited dividends to shareholders. In 1966, Exxon paid dividends of \$711 million, or 65 percent of net income, but the 1972 dividends of \$851 million represented only 57 percent of net income. Declining rates of profits and dividends have, in turn, been associated with a slower flow of invested capital.³

1. The 1972 average profit rate for U.S. manufacturing firms is provided in "The Clouded Prospect for Corporate Profits," (*Fortune*, May 1973) by L. A. Mayer. The 1966 and 1970 averages were, respectively, 13.4 percent and 9.3 percent.

2. Profits-to-invested capital ratios have been calculated according to data given in the *Fortune* annual directories of leading corporations. The authors of "Energy and Power" employed the same source for their table of 1966-1973 yearly profits. Combined ratios represent total invested capital divided into total net income for the entire group of nine firms during each year indicated.

3. *Moody's Industrial Manual*, 1967-1973. Invested capital rose by only \$15.5 billion (47 percent) between 1966 and 1972, with \$10.0 billion of the increase occurring before 1970.

Rising skepticism among investors has not, however, prevented the nine leading oil firms from expanding their assets by \$44.5 billion (117 percent) during the 1966-1972 span. In order to accomplish this feat, they have engaged in a protracted borrowing spree, with the result that long-term debt alone soared from \$4.66 billion to \$10.71 billion (151 percent) between 1966 and 1972.⁴

Such factors have induced the oil industry to give an even greater priority to overseas expansion instead of to such low-profitability ventures as refinery construction inside the United States. For example, between 1971 and 1972, Eastern Hemisphere investments by Exxon grew three times as fast as domestic investments. The lure of Middle Eastern production and the European market is indicated by the fact that Exxon's 1971-1972 profits in those spheres grew four times as rapidly as its profits inside the United States.⁵

Having avoided the question of profitability, Ackerman and MacEwan easily drift into a distorted interpretation of recent increases in "posted prices" of Middle Eastern crude oil. As they admit, their perspective has been shaped by the notions of Professor M. A. Adelman, an "expert" famous for his advocacy of an aggressive approach toward the Organization of Petroleum Exporting Countries (OPEC). Echoing Adelman, the authors label OPEC "an effective cartel" and claim that the oil companies (the quintessential cartel!) politely "served as tax receivers, collecting from consumers around the world and delivering to the OPEC governments."⁶

This variety of misinterpretation can only engender confusion about the oil cartel's systematic and long-established looting of Middle Eastern reserves and exploiting of European markets. For such giants as Exxon and Mobil, higher royalty and tax payments on Middle Eastern crude oil have never been a problem, as long

4. *Ibid.* For many oil firms within the group, short-term debts also rose sharply during this period. The trend toward higher debts can be connected to a fourfold increase in indebtedness among American industrialists since 1956. (L. A. Mayer, "The Clouded Prospect for Corporate Profitability," *Fortune*, May 1973).

5. *Ibid.* Exxon's 1971-1972 profits rose by 6.6 percent domestically and 29.4 percent in the Eastern Hemisphere.

6. In "Is the Oil Shortage Real?" (*Foreign Policy*, February 1973), Adelman convincingly demonstrated the oil firms' restriction of domestic production, but, characteristically, argued that "shortages" could be resolved by stronger action on the part of the Nixon administration against nationalist regimes in oil-producing nations.

as prices and profit margins at the point of consumption can be pushed upward. On the other hand, devaluations and rapid inflation of the dollar and other capital currencies in recent years have persistently eaten into the real receipts of OPEC members.

OPEC demands for higher revenues on crude oil production can spring from sharply divergent causes within individual member countries, but Ackerman and MacEwan, having mistaken OPEC for a "cartel," assume that "rising nationalism and relative independence, even when led by local bourgeoisies and reactionaries, can place constraints on the oil companies." Though imperialism and its scores of apologists, such as Adelman, have strategic reasons for overstating OPEC's power, the Left can ill afford to ignore distinctions between, let us say, Iraq and Iran, or Algeria and Saudi Arabia.

Since OPEC's establishment, the oil cartel has relied heavily upon the pro-imperialist regimes of Iran, Saudi Arabia, and the Arab Gulf sheikdoms, hoping that they could sabotage the efforts of less subservient members, such as Iraq, Libya, Algeria, and Venezuela. Accordingly, production has been most sharply boosted in Iran and Saudi Arabia, and it is widely estimated that, by 1980, these two nations would furnish at least 50 percent of OPEC output, thereby becoming more capable of "scabbing" on any other OPEC member that seeks authentic control over its own petroleum resources.⁷

If the authors' careless intermingling of Saudi-Iranian subserviency with Arab nationalism is reproduced, then the Left will have great difficulty in combating the current of anti-Arab racism that will underlie possible American military interventions in the Middle East and North Africa. It should be pointed out, for example, that Saudi Arabia—the supposed leader of the "Arab oil boycott"—is currently engaged in close military and political collaboration with the United States, Britain, Iran, and the sheikdoms against the People's Democratic Republic of Yemen and the Popular Front for the Liberation of Oman and the Arabian Gulf.⁸

7. Under a May 1972 contract with Western oil companies, the Shah of Iran agreed to boost production by at least ten percent per year until 1994 (*Business Week*, July 1, 1972). Saudi Arabia, with even larger reserves, made a similar agreement in October 1972.

8. Having budgeted approximately \$5 billion for arms purchases from the United States alone before 1975, Iran and Saudi Arabia are currently engaged in feverish efforts to crush the PDRY-supported guerrilla movement in Dhofar and Oman, at the mouth of the Arab Gulf, as evidenced by the December landing of 7,000 Iranian troops in Dhofar, near the PDRY's borders.

The Ackerman-MacEwan article is additionally weakened by a misplaced emphasis upon the short-lived "ecology" movement as an adversary that scored some gains against the oil giants. Although environmental protection legislation has been a minor hindrance to domestic profit-seeking, the "ecology" movement (which, because of its lack of a clear class orientation, was intrinsically usable for bourgeois efforts to convince the working class that higher living standards mean "more pollution") had little impact upon the oil firms' Western Hemisphere plans. After all, additional refining facilities needed for supplying the East Coast market could always be replanned—for Nova Scotia or the Caribbean, where materials, taxes, land, and labor cost far less.

The authors praise the Puerto Rican Socialist Party's exemplary campaign against the projected "super-port," but they do so as if "*environmental colonialism*" and "*ecological genocide*" were the PSP's over-riding concerns. The PSP's campaign is an important model for American leftists to study, precisely because it underscores the "super-port" in relation to American capitalism's colonial occupation and exploitation of Puerto Rico.

Because the Ackerman-MacEwan article contains serious analytical flaws, its vagueness on political aspects of the so-called "energy crisis" is hardly coincidental. The authors can point to oil firms' pressure for interventions in the Middle East and for reversal of environmental protection legislation, but they make no mention of the accompanying onslaught against the working class in advanced capitalist nations. Such phenomena as Britain's "three-day work week" are paralleled by thousands of "energy-related" lay-offs in the United States. Even the U.S. Labor Department estimates that at least 200,000 American workers have lost their jobs since the "oil shortage" arose in November.⁹

For the Left, the present crisis offers unprecedented chances for agitation and action. Now more than ever, it is possible to demonstrate how capitalism's eternal quest for greater profitability depresses living standards, generates unemployment, and sets the stage for new wars. Without a sound theoretical base, however, our efforts may come to naught.

With this perspective in mind, I reiterate the request that MR's editors consider further material on the "energy crisis" for publication, hoping that future issues of MR will bring discussion

9. UPI dispatch, January 25, 1974. At least 104,000 layoffs were attributed to the automobile industry.

of such vital concerns as long-term patterns within the oil industry, relationships with other industries (e.g., automobile manufacturing, transportation, utilities, chemicals), and a socialist strategy for confronting the oil panic and its consequences.

Lawrence Lockwood

Cambridge, Mass.
January 25, 1974

... It is very hard to say what has been the greater evil as far as the economic development of underdeveloped countries is concerned: the removal of their economic surplus by foreign capital or its reinvestment by foreign enterprises.

—Paul A. Baran, *The Political Economy of Growth*, p. 184

PLEASE NOTE NEW ADDRESSES!

I would like to subscribe to

MONTHLY REVIEW

Special sub rates to students: \$7 (foreign \$8; £3.35)

☐ 1 year \$9 (foreign \$10; £4.20)

☐ 2 years \$16 (foreign \$18; £7.50)

Libraries and institutions \$12 (foreign \$13; £5.45)

Monthly Review Press
62 West 14th Street
New York, N.Y. 10011

Monthly Review Press
21, Theobalds Road
London WC1X 8SL,
England

I enclose \$.....

I enclose £.....

Please send me MONTHLY REVIEW for ☐ two years ☐ one year

Name

Address

(Canadian subscribers must pay foreign rate)

You can build a socialist library at half-price

by joining

MONTHLY REVIEW ASSOCIATES

Membership entitles you to:

- A discount of 50% off the list price of any MR Press book. A \$12 book for \$6, or a \$3.95 paperback book for half price, represents a considerable saving—enough to enable you to buy twice as many books.
- A one-year subscription to MONTHLY REVIEW (if you are already a subscriber we renew your sub automatically).
- A choice of one of the following MR Press books: *Workers' Self-Management in Algeria* by Ian Clegg; *China Shakes the World* by Jack Belden; *Strategy for Revolution: Essays on Latin America* by Régis Debray; *Socialism in Cuba* by Leo Huberman and Paul M. Sweezy; and *Writings on the Paris Commune* by Karl Marx and Friedrich Engels.

Help MR Press become an effective press of the Left; help the magazine extend its influence, and help yourself to some important books by joining the Associates now.

Monthly Review Associates 62 W. 14th St. N.Y., N.Y. 10011

I enclose \$..... Please enroll me as an MR Associate.

Please send me the free book of my choice from the list above:

☐ I am already a subscriber.

Check category below

☐ \$ 25 - \$49; £10.50 - £20.50

Supporting Associate

☐ \$ 50 - \$99; £21 - £41.50

Sustaining Associate

☐ \$100 and over; £42 and over

Foundation Associate

Name

Street

City State Zip

Please make check payable to Monthly Review Associates.

Those who wish to pay in sterling should remit to Monthly Review
21, Theobalds Road, London WC1X 8SL, England

CONTENTS OF VOLUME XXV

<i>Author</i>	<i>Title</i>	<i>No.</i>	<i>Page</i>
Ackerman, Frank	<i>Pax Americana: A Review</i>	2	57
	See also <i>Review Of The Month</i>	8	1
Amin, Samir	<i>Transitional Phases In Sub-Saharan Africa: A Review</i>	5	52
Bennoune, Mahfoud	<i>French Counter-Revolutionary Doctrine And The Algerian Peasantry</i>	7	43
Boggs, James	<i>Beyond Nationalism</i>	8	34
Brun, Ellen and Jacques Hersh	<i>The Korean War: 20 Years Later</i>	2	44
Chattopadhyay, Paresh	<i>Political Economy: What's In A Name?</i>	11	23
Child, David and Ankie M. M. Hoogvelt	<i>Rhodesia: Economic Blockade And Development</i>	5	41
Corradi, Juan E.	<i>Argentina: Dependency And Political Crisis</i>	7	28
Du Boff, Richard B.	<i>1973: The Year Of Europe</i>	9	22
Du Boff, Richard B. and Edward S. Herman	<i>How Not To Eliminate Poverty: A Review</i>	9	51
Ehrenreich, Barbara and Deirdre English	<i>Witches, Midwives, And Nurses</i>	5	25
English, Deirdre and Barbara Ehrenreich	See Barbara Ehrenreich	5	25
Fann, K. T.	<i>The Ethics Of Liberation: The Example Of China</i>	11	34
Galeano, Eduardo	<i>Open Veins Of Latin America [Introduction to his book "Open Veins Of Latin America: Five Centuries Of The Pillage Of A Continent"]</i>	4	28
Herman, Edward S.	<i>Do Banks Control Corporations?</i>	2	12
Herman, Edward S. and Richard B. Du Boff	See Richard B. Du Boff	9	51
Hersh, Jacques	<i>India's China War: A Review</i>	6	57
Hersh, Jacques and Ellen Brun	See Ellen Brun	2	44
Hinton, William	<i>Reflections On China</i>	2	30
Hoogvelt, Ankie M. M. and David Child	See David Child	5	41
Huston, Terry L.	<i>Prisons: A Marxist Position</i>	6	29
Jacobs, Harold	<i>A Socialist Alternative: A Review</i>	8	60
Jandaghi, Ali	<i>The Present Situation In Iran</i>	6	34
Kellinger, Cesi	<i>Rosa Luxemburg And Leo Jogiches</i>	6	48
Klare, Michael T.	<i>U.S. Military Strategy After Vietnam</i>	10	11
Lichauco, Alejandro	<i>The Lichauco Paper: Imperialism In The Philippines</i>	3	All

<i>Author</i>	<i>Title</i>	<i>No.</i>	<i>Page</i>
Lockwood, Lawrence	Correspondence: <i>Two Comments On The Energy Crisis, II</i>	11	55
Lynn, Conrad	<i>Lessons From The Damned: A Review</i>	11	49
MacEwan, Arthur	<i>On The Transition To Socialism: A Review</i>	10	49
	See also <i>Review Of The Month</i>	8	1
Magdoff, Harry	<i>Imperialist Expansion: Accident And Design</i>	8	15
	<i>A Note On Inflation</i>	7	21
	See also <i>Review Of The Month</i>		
Marx, Andrew	Correspondence: <i>Two Comments On The Energy Crisis, I</i>	11	52
Mistral, Carlos	<i>Chile: The Military Junta And Its Perspectives</i>	10	28
Morris, Jacob	See <i>Review Of The Month</i>	4	1
Nizan, Paul	<i>Antoine Bloyé</i> [Chapter 9]	1	50
Nwafor, Azinna	<i>Liberation And Pan-Africanism</i>	6	12
Ollman, Bertell	<i>Social Revolution And Sexual Revolution</i>	4	37
Papandreou, Andreas	<i>Greece: The Meaning Of The November Uprising</i>	9	8
	<i>In Greece As In Cambodia</i>	4	60
Payer, Cheryl	<i>The Lawyer's Typist: Variations On A Theme By Paul Samuelson</i>	10	44
Petras, James	<i>Chile After Allende: A Tale Of Two Coups</i>	7	12
	<i>Chile After The Elections</i>	1	15
Radosh, Ronald	<i>Incentives, Moral And Material: A Review</i>	10	59
<i>Review Of The Month</i>	<i>Capitalism, For Worse</i> (by Paul M. Sweezy)	9	1
	<i>Chile—The Question Of Power</i> (by Paul M. Sweezy)	7	1
	<i>The Crisis Of Inflation</i> (by Jacob Morris)	4	1
	<i>The Dollar Crisis—What Next?</i>	1	1
	<i>Energy And Power</i> (by Frank Ackerman and Arthur MacEwan)	8	1
	<i>Growing Wealth, Declining Power</i> (by Paul M. Sweezy)	10	1
	<i>Keynesian Chickens Come Home To Roost</i>	11	1
	<i>Showdown In Chile</i> (by Andrew Zimbalist and Barbara Stallings)	5	1
	<i>Utopian Reformism</i> (by Paul M. Sweezy)	6	1
	<i>Watergate And Indochina</i>	2	1
Rosebury, Theodor	<i>Columbus And The Indians</i>	11	13

<i>Author</i>	<i>Title</i>	<i>No.</i>	<i>Page</i>
Rouleau, Eric	<i>Revolutionary Southern Yemen</i>	1	25
Rubinstein, Annette	<i>Correspondence: How China Got Rid Of Opium</i>	5	58
Sánchez Vázquez, Adolfo	<i>Vicissitudes Of The Aesthetic Ideas Of Marx</i> [Chapter 1 of his "Art and Society: Essays In Marxist Aesthetics"]	9	37
Stallings, Barbara and Andrew Zimbalist	<i>See Review Of The Month</i>	5	1
Sweezy, Paul M.	<i>Fifteenth And Twentieth Anniversaries For Cuba</i>	4	23
	<i>Monopoly Capital And The Theory Of Value</i>	8	31
	<i>Op-Ed Liberalism</i>	1	44
	<i>See also Review Of The Month</i>		
Travis, Paul D.	<i>Christmas Greetings To The K-T Corporation</i>	7	62
Vyasulu, Vinod	<i>The Parable Of The Underdeveloped Economist</i>	8	48
Wallerstein, Immanuel	<i>Class Struggle In China?</i>	4	55
Zimbalist, Andrew	<i>Workers' Control: Its Structure Under Allende</i>	10	39
Zimbalist, Andrew and Barbara Stallings	<i>See Review Of The Month</i>	5	1
BOOKS REVIEWED			
Arrighi, Giovanni and John S. Saul	<i>Essays On The Political Economy Of Africa</i>	5	52
Klare, Michael T.	<i>War Without End</i>	2	57
Lerner, Michael P.	<i>The New Socialist Revolution</i>	8	60
Lowy, Michael	<i>The Marxism Of Che Guevara: Philosophy, Economics, And Revolutionary Warfare</i>	10	59
Maxwell, Neville	<i>India's China War</i>	6	57
Passell, Peter and Leonard Ross	<i>The Retreat From Riches: Affluence And Its Enemies</i>	9	51
Sweezy, Paul M. and Charles Bettelheim	<i>On The Transition To Socialism</i>	10	49
The Damned	<i>Lessons From The Damned: Class Struggle In The Black Community</i>	11	49

(Continued from inside front cover)

It would be helpful and time saving if readers would include payment with orders for books and subscriptions, allowing four to five weeks actual shipping time via bookpost. We aim at more rapid delivery, but it simply cannot be guaranteed. Associates receive a 50 percent discount on the first copy of each title, and 25 percent thereafter. We are not able to offer discounts on Ramparts Press titles. Subscribers, when renewing subscriptions, should include an address label. Sixty days should be allowed for changes of address to be made effective.

While we are on the subject of dealings with the business departments, may we ask that correspondence of this nature should *not* be addressed to the editors, either collectively or individually. It only causes delay. If you want to combine business and editorial matters, please use separate sheets of paper. That way things can be readily sorted out and tended to more expeditiously.

Readers will notice that our masthead this month carries a change of address for our London office. The new address and telephone number signify also another change: from now on, our London office will be under the management of Richard Handyside, assisted by Peter Sinclair. Handyside and Sinclair operate a publishing house of the Left called *stage 1*; by combining offices and other overhead expenses we and they hope to reduce our costs sufficiently to make it possible to continue our London office, which until now has been a serious cash drain on us. Of course, although MR Press will be operated by Handyside and Sinclair, the Press and *stage 1* remain independent of each other in all other respects. As before, the new Monthly Review Press office will handle book orders for the U.K., the Continent, the Middle East and Africa, will accept subscriptions and Associate memberships from those who find it more convenient to pay in sterling, and will handle European rights to MR Press books (except Spanish and Portuguese).

No three people (the size of MR's editorial staff) can hope to familiarize themselves with more than a very small fraction of the literature which is relevant to the scope and purpose of "an independent socialist magazine." We are therefore most grateful for the assistance which readers sometimes afford us, sending us references, clippings, extra copies of documents, and photostats of articles or parts of articles or books of special interest. Others would doubtless do the same if they realized how helpful the practice can be. This is a reminder. We don't want you to spend a lot of time doing research for us, only to take a few minutes to share with us information or ideas which strike you as of special interest or importance.

Readers will have noticed that publication of some MR Press books has had to be postponed beyond the originally announced publication date, generally owing to unforeseen delays in the production process. One of these is the reissue of *The Scalpel, the Sword: The Story of Doctor Norman Bethune*, by Ted Allan and Sydney Gordon, originally scheduled for last December and now available (see back cover). Readers will be interested to know that on January 28th, York University in Toronto opened a new college dedicated to Third World studies and named it Bethune College after Dr. Norman Bethune, who was a Canadian. "Third World," according to the announcement, refers to those underdeveloped countries not in the "capitalist or Russian Communist spheres." One of the subjects the teachers and students should discuss is just how many countries that includes! Most MR writers on underdevelopment would presumably say that it includes very few indeed.



NOW AVAILABLE FROM MONTHLY REVIEW PRESS

THE SCALPEL, THE SWORD:
The Story of Dr. Norman Bethune
by Ted Allan and Sydney Gordon

"At various times he was a fine surgeon, a drunk, a Communist, a neurotic, a humanitarian of deep compassion and wide imagination. He was impossible to live with, hard to work with, yet profoundly loved by many of those who knew him. He died in China, in 1939, doing medical work for the revolution, after a life crammed with excitement and involvement. Today scores of millions of people respect his name.

"If it is true that we are all of us rich only to the extent that we fulfill ourselves in the few brief years we are allowed to live, Dr. Norman Bethune was one of the richest men who ever walked the earth. He lived with zest and spirit and joy from beginning to end. Whether as young aesthete in London or surgeon in Montreal or battlefield medico in Spain and China, he flung himself into life. Even when he was sick he was more alive than most of us. . . .

"[What makes] **The Scalpel, the Sword** especially relevant at this historic moment [is] Bethune's attitude to the practice of medicine, and by extension his attitude to the professions in general.

"Bethune's views may have seemed outlandish when he preached them to his fellow doctors, and they probably meant little when his book was first published [in 1952], but read today they have the sound of ideas whose time has come. In a period when wildly overpaid doctors in ruinously expensive hospitals are providing us with only a small part of the medical care we need, when on all sides people are questioning the basic values of the medical profession, Bethune's is a voice worth listening to.

"[What Bethune espoused] is just what the radical doctors are doing now, in storefront clinics and free youth clinics all over North America. They haven't precisely transformed their profession, any more than the radical lawyers have, but their work shows a fresh direction for professionals of all kinds. Bethune, though he's been in his Chinese grave for 32 years, reads today like a prophet of the 1970s."—Robert Fulford, **Toronto Daily Star**.

Since its original publication, this book has appeared in nineteen languages and has sold more than one million copies.

\$8.95/£3.70/CL3012

\$3.95/£1.65/PB3020

50% discount for MR Associates. Enclose payment with order; add sales tax where applicable. (We cannot fill Canadian orders; Canadian rights are held by another publisher.)

Monthly Review Press

62 West 14th St., New York, N.Y. 10011 21 Theobalds Rd., London, WC1X 8SL